



AGENDA
RIO DELL CITY COUNCIL
CLOSED SESSION - 5:00 P.M.
REGULAR MEETING - 6:30 P.M.
TUESDAY, OCTOBER 18, 2016
CITY COUNCIL CHAMBERS
675 WILDWOOD AVENUE

***WELCOME . . .** By your presence in the City Council Chambers, you are participating in the process of representative government. Copies of this agenda, staff reports and other material available to the City Council are available at the City Clerk's office in City Hall, 675 Wildwood Avenue. Your City Government welcomes your interest and hopes you will attend and participate in Rio Dell City Council meetings often.*

In compliance with the American with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Office of the City Clerk at (707) 764-3532. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to the meeting.

- A. CALL TO ORDER
- B. ROLL CALL
- C. ANNOUNCEMENT OF ITEMS TO BE DISCUSSED IN CLOSED SESSION AS FOLLOWS:
 - 1) 2016/1018/01 - **Public Employee Performance Evaluation**
Title: City Manager (Pursuant to Gov't Code §54957)
 - 1) 2016/1018.02 - **Conference with Labor Negotiator – City Manager**
Concerning Labor Negotiations with Rio Dell Employees Association, Rio Dell Police Officers Association, and all Contract Employees (Pursuant to Gov't Code §54957.6)
- D. PUBLIC COMMENT REGARDING CLOSED SESSION
- E. RECESS INTO CLOSED SESSION
- F. RECONVENE INTO OPEN SESSION – 6:30 P.M.
- G. ORAL ANNOUNCEMENTS
- H. PLEDGE OF ALLEGIANCE

I. CEREMONIAL MATTERS

J. PUBLIC PRESENTATIONS

This time is for persons who wish to address the Council on any matter not on this agenda and over which the Council has jurisdiction. As such, a dialogue with the Council or staff is not intended. Items requiring Council action not listed on this agenda may be placed on the next regular agenda for consideration if the Council directs, unless a finding is made by at least 2/3rds of the Council that the item came up after the agenda was posted and is of an urgency nature requiring immediate action. Please limit comments to a maximum of 3 minutes.

K. CONSENT CALENDAR

The Consent Calendar adopting the printed recommended Council action will be enacted with one vote. The Mayor will first ask the staff, the public, and the Council members if there is anyone who wishes to address any matter on the Consent Calendar. The matters removed from the Consent Calendar will be considered individually in the next section, "SPECIAL CALL ITEMS".

- | | |
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| 1) 2016/1018.03 - Approve Minutes of the October 4, 2016 Regular Meeting (ACTION) | 1 |
| 2) 2016/1018.04 - Check Register for September (RECEIVE & FILE) | 15 |

L. ITEMS REMOVED FROM THE CONSENT CALENDAR

M. SPECIAL PRESENTATIONS/STUDY SESSIONS

- | | |
|---|----|
| 1) 2016/1018.05 - Presentation by Sara Faught related to Activities and Programs provided by the Rio Dell Community Resource Center (RECEIVE & FILE) | 19 |
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N. SPECIAL CALL ITEMS/COMMUNITY AFFAIRS

- | | |
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| 1) 2016/1018.06 - Conduct Public Hearing on Unmet Transit Needs and direct staff to send a letter to Humboldt County Association of Governments (HCAOG) relaying the comments made during the public hearing (DISCUSSION/POSSIBLE ACTION) | 20 |
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O. ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS

1. 2016/1018.07 - Introduction and First Reading (by title only) of Ordinance No. 345-2016 Amending the Rio Dell Municipal Code (RDMC) adding Chapter 13.35 to Title 13 authorizing participation in the Community Choice Aggregation Program implemented and operated by the Redwood Coast Energy Authority (RCEA) **(DISCUSSION/POSSIBLE ACTION)** 22
 1. 2016/1018.08 - Conduct Second Reading (by title only) and Adopt Ordinance No. 348-2016 Establishing Medical Cannabis Land Use Regulations, Section 17.30.195 of the Rio Dell Municipal Code **(DISCUSSION/POSSIBLE ACTION)** 42
- P. REPORTS/STAFF COMMUNICATIONS
- Q. COUNCIL REPORTS/COMMUNICATIONS
- R. ADJOURNMENT

*The next regular City Council meeting is scheduled for
Tuesday, November 1, 2016 at 6:30 p.m.*

**RIO DELL CITY COUNCIL
REGULAR MEETING
OCTOBER 4, 2016
MINUTES**

The closed session/regular meeting of the Rio Dell City Council was called to order at 5:30 p.m. by Mayor Wilson.

ROLL CALL: Present: Mayor Wilson, Mayor Pro Tem Johnson,
Councilmembers Garnes, Marks, and Thompson

Others Present: City Manager Knopp, Finance Director Woodcox,
and City Clerk Dunham

Absent: Community Development Director Caldwell, Chief of
Police Hill, Water/Roadways Superintendent Jensen
and Wastewater Superintendent Trainee Yapple
(excused)

**ANNOUNCEMENT OF ITEMS TO BE DISCUSSED IN CLOSED SESSION AS
FOLLOWS:**

Public Employee Performance Evaluation – Title: City Manager

**Conference with Labor Negotiator – City Manager – Concerning Labor
Negotiations with Rio Dell Employees Association, Rio Dell Police Officers
Association, and all Contract Employees**

The Council recessed into closed session at 5:30 p.m. with the City Manager to discuss the items as posted.

The Council reconvened into open session at 6:30 p.m.

Mayor Wilson announced there was no reportable action taken in closed session.

PUBLIC PRESENTATIONS

None

CONSENT CALENDAR

Motion was made by Thompson/Marks to approve the consent calendar including approval of minutes of the September 20, 2016 regular meeting; and to receive and file the update on Employee Health Insurance; and receive and file the Request for Qualifications (RFQ) for Architectural Barrier Removal at City Hall. Motion carried 3-0.

SPECIAL PRESENTATIONS/STUDY SESSIONS

Presentation on Humboldt Lodging Alliance and Humboldt County Tourism Business Improvement District (HCTBID)

City Manager Knopp provided a brief staff report and said he received a letter from Tony Smithers, Administrator of Humboldt Lodging Alliance and Executive Director of Humboldt County Convention & Visitors Bureau inviting Rio Dell to join in the Humboldt County Tourism Business Improvement District (HCTBID). He said the purpose of this presentation is to get an overview of the program and gauge the Council's interest in the City's participation.

Tony Smithers provided an overview of the HCTBID and said the partnership was formed in 2012 and the way the program works is that a 2% tax is assessed in addition to the Transient Occupancy Tax (TOT) collected on all overnight stays (less than 30 days) from hotels, RV parks, bed & breakfast (B&B's) and vacation rentals. He clarified that they are not asking the City to give up any of its TOT tax as the assessment is collected by the local businesses, and is submitted to the City along with the TOT tax. The City would then transmit the funds collected from the 2% assessment to the Humboldt Lodging Alliance, less 1% for the City's administrative costs.

He reported in the last four years, they have collected over \$4 million in assessments in Humboldt County and those funds were dedicated to destination marketing and supporting local events, attractions and visitor services. He said the current plan requires 25% to be reserved for local partners for special events, signage, etc. The Humboldt Lodging Alliance is working on renewal of the special district for another five years and the board has proposed changing the district to allocate 65% of assessment revenues back to the jurisdictions,

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collected in the form of grants for projects that will help to increase overnight stays. He said the remaining funds will continue to pay for a professional marketing campaign countywide.

He commented that should Rio Dell decide to join the partnership, the City could then ask for funds for Wildwood Days or some other event from the 65% that goes back into the pot for local events.

Mr. Smithers then reviewed the process to join the partnership and said upon agreement of the City and the lodging operators; they will add Rio Dell to the County Resolution of Intent and ask the City Council to adopt a Resolution of Consent granting the County of Humboldt the lead jurisdiction over the Tourism Business Improvement District in Rio Dell. He said the new district renewal is expected to go into effect July 1, 2017, at such time the lodging operators will begin collecting the 2% assessment from guests.

He noted that Rio Dell is the only jurisdiction in the County with a bed tax that is not part of the HCTBID and said they would really like Rio Dell to join the partnership and share in the benefits.

Councilmember Thompson said when this was presented to the City Council before he recalls that the owner of Humboldt Gables Motel said it would require him to include a separate line on the receipts for the tax and that he wasn't in favor of the assessment and felt it was too much to add to guests bills.

Mr. Smithers commented that there has been almost no pushback from consumers since the assessment was implemented 4 1/2 years ago, and that the tax would need to be itemized separately on the bill.

Mayor Wilson said that he heard about this at RREDC and said he believes Rio Dell is the only jurisdiction not included in the partnership and questioned the assessment on AirBnb rentals.

Mr. Smithers said AirBnb's are one of the big issues and in the County of Humboldt they signed a contract whereby the AirBnb's (internet bookings) are going to collect the assessment and submit it along with the bed tax to the County. He noted that every jurisdiction is going to have to make that same type

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of agreement with the AirBnd's otherwise; it would be up to the owner of the individual rental to collect the tax and submit it to the City.

Mayor Wilson asked who decides how the funds from the 65% retention are distributed.

Mr. Smithers said typically everyone in the partnership has a representative board member so the representative decides for their respective jurisdiction although Rio Dell would probably not have a specific board member on the Humboldt Lodging Alliance dedicated to the board. He said their thinking is that the lodging operators could form a committee and work together and decide how those monies will be distributed.

Mayor Wilson then asked if there a specific amount allocated to each jurisdiction.

Mr. Smithers explained it is a percentage of what is collected in that particular jurisdiction.

City Manager Knopp commented that this is just a receive and file item tonight and his suggestion is for staff to contact the local lodging operators and gauge their opinion on the assessment to see if they are on board. He pointed out that this is an opportunity to contribute to the economic development of the County and doesn't necessarily want Rio Dell to be the odd duck by not participating.

Councilmember Thompson asked if they put out the local tourism publication.

Mr. Smithers responded that what he is referring to is the *Insider* which is a fantastic publication but the Humboldt Lodging Alliance doesn't have a publication other than the Humboldt County Guide they put out annually.

Mayor Wilson stated that the *Insider* is a first rate magazine and it would be nice if Rio Dell was included in it.

Mr. Smithers commented that he happens to be good friends with the manager of the *Insider* and he will mention that the City would like to have Rio Dell included in the publication.

The consensus of the Council was to move forward with staff contacting the local lodging operators to gauge their interest.

SPECIAL CALL ITEMS/COMMUNITY AFFAIRS

Update on Community Choice Aggregation Program Implementation by Redwood Coast Energy Authority

City Manager Knopp provided a staff report and noted that this item is for information only and no action is required by the Council at this time. He said staff is trying to gauge the Council's concerns with regard to the City's participation in the Community Choice Aggregation (CCA) Program.

He provided background information on previous action by the Council and said on November 17, 2015 the Council voted unanimously to adopt Resolution No. 1279-2015 revising the JPA between the City and Redwood Coast Energy Authority (RCEA) allowing them to pursue a Community Choice Aggregation (CCA) program for Humboldt County. He said the goal was to potentially redirect local dollars towards local energy projects that lower carbon emissions, create local jobs, and potentially lower rate payer's electricity bills. He noted that a proposed ordinance to amend the Rio Dell Municipal Code (RDMC) was presented to the Council for consideration on April 5, 2016 however; the item was tabled because of various Council concerns. Some of the concerns expressed were related to the feasibility of operating a CCA program, the unknown rate structure, Eureka's undecided participation and possible impact on the rates, and the costs and process for opting in or out of the CCA program and PG&E.

He further reported that since that time, there have been some changes regarding the City's potential participation in the CCA program. He said with the exception of Rio Dell and Ferndale, all of the other local jurisdictions has opted to participate in the program including Eureka and Fortuna. He said in terms of the process moving forward, RCEA has issued guidelines for its "Launch Period Strategy and Targets" document which he noted is included in the Council packet. He stated that he also distributed copies of the final draft of the technical study in individual council mailboxes which affirms the feasibility of the CCA program to provide rate savings to rate payers as well as other benefits.

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He said the purpose of this agenda item is to get feedback from the Council on any additional concerns related to the program and return to the Council on October 18th with introduction of an ordinance related to potential participation of the City of Rio Dell in the CCA program. He announced that Richard Engel from RCEA who is very knowledgeable on the subject is in attendance to answer questions from the Council.

Councilmember Thompson questioned previous action of the Council to opt out of the CCA program.

City Manager Knopp reiterated that the Council voted unanimously to adopt the Resolution to revise the JPA and allow RCEA to pursue the CCA program and then tabled the item when the proposed ordinance was introduced to include Rio Dell in the CCA program.

Councilmember Thompson noted that the Joint Powers Agreement (JPA) between the City of Rio Dell and Redwood Coast Energy Authority (RCEA) has already been revised and a bond was mentioned for start-up costs which sounds like the City will be paying a portion of.

He noted that in the "Launch-Period Strategy Guidelines" it identifies wind turbines as a potential source of 50MW which is about 20% of what is estimated to be generated locally. He said when the proposed Bear River Ridge Wind Power project came before the City Council; it was shot down for various reasons so it's probably not going to happen. He said it seems that is a large amount of the electricity to be using in the calculations since realistically that probably won't happen.

He said he looked at the studies and at this point his concern is that the City will be financially liable if things don't work out and that the potential savings to rate payers is minimal.

Mr. Engel responded to his concerns and said as far as wind generation this is identified as a long-term goal and what they will be launching with are local biomass plants (Fairhaven, Scotia and Blue Lake) and are looking to contract out about 20MW which equals to about 50% of their combined output over the last

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six years; basically one-half of what they have historically produced. He noted that will be the biggest slice of the local renewable energy they will be putting into the system. He noted that solar energy is probably the next slice they will be pursuing and they will be asking for ideas from property owners interested in developing solar projects on their property.

He said at such time they will start talking about wind energy again there are a few things that are going to change that discussion from last time. The first thing is that the capital cost of building wind projects will have come down and so it will be much more cost effective than it was in 2012/2013. Another thing is that it won't be a large outside developer coming in proposing to do it; it will be a local consortium. He said those two things alone might make the project more attractive and more feasible.

Mr. Engel said with regard to bonds, what they are currently looking at is that most of the financing to start buying power has already been taken care of as they have contracted with suppliers for bringing power online and they have agreed to be paid when revenues start flowing in. He noted they will have to however; come up with funding for internal operating costs to cover the first year. He said they are talking with Redwood Region Economic Development Corporation (RREDC) regarding a \$700,000 loan which is basically approved.

Councilmember Thompson commented on the loan and said although they don't expect this project to fail, it's still not clear who assumes the liability in the event it does fail; in other words, who is guaranteeing repayment of the loan.

Mr. Engel stated that he is not involved in the financial side of the project and is more into the technical aspects and public engagement side of things. He said he could defer to other people on the team to get the answer. He said as far as concerns regarding failure, they have had three CCA programs up and running for a number of years (Lancaster, Sonoma and Marin) and so far are all operating in the black.

Councilmember Thompson asked as far as the size of these CCA's and the amount of electricity generated, where this program fits in.

Mr. Engel commented that it will definitely be at the smaller end.

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Councilmember Thompson asked if it is more of a challenge to put together a smaller CCA with less rate payers.

Mr. Engel didn't have that answer but pointed out there certainly are fewer dollars at risk for a smaller program.

Councilmember Marks stated the he read the study and it seems feasible but expressed concern about the cost to the citizens of Rio Dell including the cost for customers to opt out of the program.

Mr. Engel said the expectation is that they will have about 5% of the program budget going into savings, basically resulting in a negative cost. He noted that that of course, is a projection but comes from expert's opinions. He then explained that during the first 60 days after launching the program, it is free to opt out; after 60 days there is a \$5 one-time fee for residential customers and a \$25 one-time fee for commercial customers. He said after one year customers can opt back into the CCA at no cost. He noted that PG&E has a one-year rule to opt back into PG&E once a customer opts out. He noted that he actually lived in Sonoma for two years and as a customer of the CCA program he had a very good experience.

Mayor Wilson said his concern is that the way the program is set up it has an automatic opt-in provision rather than opt-out provision and he knows Rio Dell and how the citizens react to things like this. He said that he is hesitant to say that everyone is automatically in the CCA program and if they don't want to be in it, they then have to opt out.

He said the other thing is with the biomass numbers, projecting they will get 20MW consistently. He said they may get 20MW at certain times but to get that consistently with the existing biomass plants is an optimistic goal.

Mr. Engel said the success of the program doesn't rest on the 20MW and it's probably better for the system if they can't because if that is the case, they will buy cheaper renewable energy from out of state to make up the difference. He explained they are trying to buy local biomass because there are local

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stakeholders that want to see that because it contributes to keeping the industry going in Humboldt County. He said he certainly agrees and supports that.

Mayor Wilson asked if the \$85 per MW has already been established.

Mr. Engel noted that it hasn't yet been established and that they actually have a request for offers that's going to be hitting the streets later in the month. He commented that they will have the results from that toward the end of the year.

Mayor Wilson asked if the price will be fixed or if it will fluctuate.

Mr. Engel responded that they actually discussed that issue this week and decided to give bidders the option to bid on time variable pricing noting the power plants themselves will be the bidders.

Mayor Wilson commented that he would love to support the CCA program and help to make this work because he does understand the market very well as he managed that department at the Scotia plant for 2 ½ years. He said he believes the Scotia biomass plant is pulling in at 35MW so if there is a way to pull it in for \$85MW consistently that would give them an incentive to put money back into the plant. He noted that he believes Humboldt Redwood Co. (HRC) bought back the power plant for what it would take to get rid of the residual although there are piles lying around because they are not able to process it yet.

He said the other thing is that the report says that 96% of the load is accounted for based on the current participants so assumes the other 4% relates to Rio Dell and Ferndale.

Mr. Engel commented that it might even be less than that because that number came in before Blue Lake opted into the program.

Mayor Wilson asked for clarification that if the City doesn't join the program now it won't draw it down.

Mr. Engel commented that one of the issues that is kind of a concern with them is that they need to turn in an implementation plan well ahead of when they actually turn the switch on because the Public Utilities Commission (PUC) has to approve

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it. As such, they would like to have everyone who is going to join, to be on board by the time the implementation plan goes in. Otherwise, there will be extra expenses incurred to revise the implementation plan each time a new member joins. He said they can do that if necessary though.

Mayor Wilson said he would like to see how the program is working and actually see the success rate then present the concept to citizens before committing to anything. He said that he would really like to see this work because of all the biomass but Rio Dell won't make the system fail if it doesn't join now.

Mayor Wilson called for public comment; no public comment was received.

Councilmember Thompson referred to the \$700,000 loan and asked about the terms of the loan.

Mr. Engel noted that he hasn't seen the terms of the loan as it is still in progress but would be happy to find out and follow up with the City Clerk.

REPORTS/STAFF COMMUNICATIONS

City Manager Knopp distributed a written City Manager update of recent activities and events (Attachment 1 to these minutes), including information from PG&E regarding their plans for replacement of high-pressure sodium vapor streetlights to more efficient light emitting diode (LED) fixtures over the next three years.

Councilmember Thompson referred to Old Ranch Road water line replacement project and asked if there will be a sign off by all the residents before construction begins.

City Manager Knopp said that he doesn't anticipate any problems as he has already talked to the residents. He said if someone wanted to stop the work they would basically have to go to court and get an injunction to do so.

Councilmember Thompson also commented on the County's Measure U Transportation Tax and pointed out that HCAOG, at their meeting explained the proposed tax is a ½ percent sales tax but the existing ¼ percent tax is expiring so essentially the new tax is only ¼ percent.

Finance Director Woodcox reported on recent activities in the finance department and said she wanted to thank US Bank for their donation of two desks and credenzas enabling office space for the finance department to be much more functional.

COUNCIL REPORTS/COMMUNICATIONS

Mayor Wilson reported on the Sculpture Committee meeting and said they will be continuing to exist and will be posting a notice to try and fill the vacancy of one public member. He said one of the ideas suggested is to perhaps have a fund raiser to try and acquire art for the median.

He then announced there will be a City Council Candidate Forum held at the Chamber of Commerce on October 6th at 6:30 p.m. to allow voters the opportunity to come and ask questions of the candidates.

ADJOURNMENT

Motion was made by Thompson/Marks to adjourn the meeting at 7:38 p.m. to the October 18, 2016 regular meeting. Motion carried 3-0.

Frank Wilson, Mayor

Attest:

Karen Dunham, City Clerk

ABR Project – The City is ready to issue an RFQ for design services for the front of City Hall. We are currently awaiting approval from the Department of Housing and Community Development. The project is on track for completion by the end of this fiscal year.

The City is still in the process of hiring a Operator I/II for public works. Staff will be re- advertising this position and holding a round of interviews in about two weeks.

Questions have been asked about the next opportunity to levy a tax on Commercial cannabis activity. Barring a unanimous declaration of emergency, the next opportunity for a Cannabis tax measure is November 7, 2017. This is the next opportunity for a “general” tax measure (similar to the one originally proposed for this year). If the tax is converted to a “special” tax the following dates are available: March 7, 2017, May 2, 2017 (Mail in only), June 6, 2017, August 29, 2017 (Mail in only), and November 7, 2017. A special tax requires a 2/3 majority of voters.

On September 8, 2016 officers with the Rio Dell Police Department, with assistance from the Fortuna Police Department, executed a search warrant in the 400 block of Monument Road. The Search warrant was sought after numerous complaints of the strong odor of marijuana coming from the location. During the investigation, officers removed 200 mature marijuana plants. The seized marijuana was taken offsite where it was destroyed. The responsible party for the marijuana growing operation has yet to be contacted. A report will be forwarded to the Humboldt County District Attorney’s Office for review.

The City of Dell and Humboldt Waste Management Authority held its annual E-Waste cleanup event. The event collected 14 pallets worth of electronic waste and was considered a success. The financial numbers on the event should be known in approximately 45 days. On Sept. 17th

The police department was the recipient of a lengthy PRA request last month from a statewide media outlet. The CM wishes to congratulate and thank Chief Hill for his compliance with the request.

Staff has met privately with the residents along Old Ranch Road. An RFP was issued on September 26th and staff is fielding questions from interested contractors. A letter will be issued by next week informing the customers and property owners of the City’s final plans on this matter.

The City is still waiting for some final signs to be sent in, but most likely within the next two weeks staff will be installing some new City Limit signs, EV Charging Signs, Parking Signs and River Access signs in various locations throughout the City.

Metropolitan Wells Project Update: We are still in a holding pattern with the Water Board’s Division of Financial Assistance. They insist they are expediting the approval of our final grant, but it increasingly looks unlikely that they will approve the grant before the October 13, 2016 expiration of our existing bid from Wahlund construction. Progress on this project hinges on this approval. – Staff is also completing the final compliance requirements set for by the Federal Government for the Emergency Community Water Assistance Grant that the City has secured to help move the project forward.

Pacific Gas & Electric is moving forward on their conversion of local streetlights to LED. Street lights are expected to begin replacement in Rio Dell before the end of 2016.

Proposal from Dias Artistries Re: old wood (and possibly fence).

Staff has pulled back from the planning process for the regional water system intertie. It was originally hoped that the seller of the water (Humboldt Bay Municipal Water District) would fund or otherwise sponsor the project. That has not materialized. Further, we hoped that Fortuna might sign on to help sponsor this project, but they have withdrawn. To move forward, we would essentially have to fund the project ourselves. The maximum planning grant available to the City is approximately \$500,000 which we are already under application for this funding to realize our water system capital improvement plan. Thus, this project would now compete with existing City priorities. With no partners and what is likely an astronomical construction projection, the City Manager is recommending that this project be shelved for the time being.

ATP Grant – staff is working on a RFQ for project design services on this project.

Literature on the County's HCAOG Measure U Sales Tax is being distributed to voters countywide. A website has been published at the following address: <http://www.humboldt-udecide.com/>

The City Manager attended a FEMA training on the topic of Continuity of Government on September 28th. As a result, staff has been reviewing our Emergency Operation Plan which was last updated in 2003. The CM is currently looking for a consultant to work with the City (and our partners in the City) to help update these important planning documents and to also give us advice on other aspects of preparation. Any plan will be brought back to the council for approval.

The Council's next agenda will include the return of the cannabis land use ordinance, an update from the Community Resource Center, reconsideration of the Community Choice Aggregation project, Unmet transit needs hearing and other items.



Together, Building
a Better California



Spotlight on service reliability Upgrading to more efficient streetlights

As part of our commitment to provide our customers with safe, reliable and affordable service, PG&E will be replacing its non-decorative streetlights. In collaboration with the cities and counties across its service territory, PG&E will replace 160,000 High Pressure Sodium Vapor (HPSV) streetlights with longer-lasting and more efficient Light-Emitting Diode (LED) fixtures over the next three years.

What are the benefits of LED streetlights?

Energy efficiency: LED fixtures use 50-75% less energy than HPSV bulbs. Once all replacements have been made throughout the entire PG&E service territory, the potential energy savings are estimated at more than 50 million kWh per year.

Cost savings: Monthly energy cost is significantly reduced when an HPSV bulb is replaced with an LED fixture of the same wattage.

Reliability: LED technology keeps most of its light output up to four times longer. Since all of the PG&E-owned streetlights in the city are being upgraded at the same time, the lights are not expected to burn out for up to 20 years.

Improved safety: LEDs provide a more natural-looking and evenly distributed light, resulting in greater visibility for pedestrians and drivers alike.

Reduced carbon footprint: Using less energy per light reduces greenhouse gas (GHG) emissions and helps each city reach its long-term energy goals.

How can I learn more?

If you have any questions about this work, please email streetlightupgrade@pge.com

Always assume a downed power line is energized

- **DON'T** touch or try to move the power line or anything in contact with it.
- **DO** call 911.
- **DO** keep yourself, children and animals far away.

Call Underground Service Alert (USA) at 811 at least two working days before you dig.

For more safety tips, please visit pge.com/safety

To report a streetlight outage, visit pge.com and select the Service Requests tab.

What can I expect?

No action is required on your part. The installation takes approximately 10 minutes per lamp fixture. This project does not require any work on your property and you do not need to be present during installation. There will be no service disruption.

Thank you

We appreciate your patience while we work to enhance the safety, reliability and efficiency of the streetlights in your community.

If you have any questions about this work, please send an email to streetlightupgrade@pge.com

For more information go to pge.com/streetlightupgrade

I am responding to let you know how pleased I am with the upgrade and what a fantastic improvement it has made! The lights are so bright one can actually look down the street and make out animals . . . and vehicles parked on the street. I spent 30 years in law enforcement constantly preaching the crime suppression benefits of adequate lighting. This upgrade has definitely hit the mark in that respect and will provide added safety for the pedestrian and vehicular traffic in the neighborhood. Job well done, and thank you!

-P.T., Pittsburg resident

CITY OF RIO DELL CHECK REGISTER

General Checking - US Bank of California

<u>Check</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Check/Payment</u>
5071	9/07/2016	[6038] ACCURATE TERMITE & PEST SOLUTIONS	MONTHLY RODENT PEST CONTROL @ 475 HILLTOP	140.00
5072	9/07/2016	[5235] ADVANTAGE FINANCIAL SERVICES	DOCSTAR 3.12 SOFTWARE PACKAGE	343.43
5073	9/07/2016	[5381] ALTERNATIVE BUSINESS CONCEPTS	MONTHLY MAINTENANCE & COPY CHARGES FOR AUGUST	595.27
5074	9/07/2016	[3975] AT&T - 5709	PHONE EXPENSES FOR AUGUST 2016	406.38
5075	9/07/2016	[5025] DIANE BROWN	CDBG LOAN REFUND	325.00
5076	9/07/2016	[5127] DELTA DENTAL	DENTAL INSURANCE FOR OCTOBER 2016	1,920.00
5077	9/07/2016	[2366] EEL RIVER DISPOSAL INC	GARBAGE BAGS FOR AUGUST 2016	347.45
5078	9/07/2016	[2453] HUMBOLDT LAND TITLE CO.	PRELIMINARY REPORT APN 053-173-009; HUMBOLDT	400.00
5079	9/07/2016	[5909] ICMA MEMBERSHIP RENEWALS	MEMBERSHIP DUES FOR 7/1/16 - 6/30/17	1,034.06
5080	9/07/2016	[2546] MERCER FRASER CO., INC.	12.57 TONS 1/2" SC 250 ASPHALT	1,208.23
5081	9/07/2016	[5834] STANLEY MIECHOWICZ	CUSTOMER DEPOSIT REFUND	191.94
5082	9/07/2016	[2551] MIRANDA'S ANIMAL RESCUE	ANIMAL CONTROL FOR AUGUST 2016	1,000.00
5083	9/07/2016	[2570] NILSEN COMPANY	PYGMY GOAT W/RUMENSIN FEED	15.74
5084	9/07/2016	[2569] NORTH COAST LABORATORIES, INC.	TOTAL COLIFORM BACTERIA 3X5	45.00
5085	9/07/2016	[4393] NYLEX.net. Inc.	MONTHLY MAINTENANCE FOR SEPTEMBER 15 THROUGH	1,120.00
5086	9/07/2016	[2619] PITNEY BOWES, INC.	QUARTERLY LEASING PAYMENT FOR 6/30/2016-9/29/	168.73
5087	9/07/2016	[5222] R.J. RICCIARDI, INC	PROFESSIONAL SERVICES FOR PERIOD ENDING AUGUS	564.00
5088	9/07/2016	[2659] RIO DELL PETTY CASH	POSTAGE STAMPS; 4 PK LAMINATE TAPE	62.28
5089	9/07/2016	[2742] SCOTIA TRUE VALUE HARDWARE	TWO 1X4 SCH 80 NIPPLES; TWO 1X6 SCH 80 NIPPLE	149.27
5090	9/07/2016	[4525] SHERLOCK RECORDS MGMT	STORAGE SERVICE FOR AUGUST 2016	98.80
5091	9/07/2016	[4699] SIERRA CHEMICAL CO	CONTAINER DEPOSIT REFUND	929.76
5092	9/07/2016	[4151] TIMES PRINTING COMPANY	TWO BOXES 80# MATTE COATED BLANK SECOND SHEET	74.03
5093	9/07/2016	[2735] TIMES-STANDARD	CLASSIFIED ADVERTISING FOR NOTICE OF ELECTION	151.55
5094	9/07/2016	[3373] VALLEY LUMBER & MILLWORK	FOUR BAGS MORTAR MIX; SIX 80# REDIMIX; TWO 6'	189.04

CITY OF RIO DELL CHECK REGISTER

General Checking - US Bank of California

<u>Check</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Check/Payment</u>
5095	9/07/2016	[6037] WELLS FARGO VENDOR FIN SERV	REIMBURSEMENT FOR PERSONAL PROPERTY TAXES ON	549.79
5097	9/16/2016	[0576] 101 AUTO PARTS	TEN O-RINGS	10.88
5098	9/16/2016	[2237] BANK OF AMERICA BUSINESS CARD	ADOBE PRO DC MONTHLY SUBSCRIPTION	2,988.18
5099	9/16/2016	[5330] CAPITAL ONE COMMERCIAL	EIGHT CASES COPY PAPER	278.95
5100	9/16/2016	[2293] CITY OF FORTUNA	POLICE DISPATCH SERVICES FOR SEPTEMBER 2016	2,075.00
5101	9/16/2016	[2303] COAST CENTRAL CREDIT UNION	POA DUES FOR PPE 9/2/16	120.00
5102	9/16/2016	[5052] GHD, INC	ENGINEERING SERVICES FOR WATER SYSTEM GIS-CON	2,584.25
5103	9/16/2016	[5056] RACHELLE HAUG	CUSTOMER DEPOSIT REFUND	24.73
5104	9/16/2016	[5957] HAZARDOUS MATERIALS RESPONSE	MEMBER AGENCY ANNUAL CONTRIBUTIONS 2016-2017	1,322.00
5105	9/16/2016	[5917] HOUSE, VICTORIA	CUSTOMER DEPOSIT REFUND	228.87
5106	9/16/2016	[4908] MITCHELL BRISSE DELANEY & VRIEZE	LEGAL SERVICES FOR AUGUST 2016	3,703.08
5107	9/16/2016	[4393] NYLEX.net. Inc.	GATEWAY STANDARD PACKAGE ANNUAL SUBSCRIPTION	580.00
5108	9/16/2016	[2603] PG&E	UTILITY EXPENSES FOR AUGUST 2016	17,698.76
5109	9/16/2016	[3032] RENDEZVOUS MUSIC & VENDING	COFFEE	63.00
5110	9/16/2016	[2694] SHELL OIL CO.	PD FUEL EXPENSES FOR AUGUST 2016	1,912.73
5111	9/16/2016	[2693] SHELTON'S AUTO LUBE	FULL OIL CHANGE SERVICE FOR 2014 FORD EXPLORE	115.78
5112	9/16/2016	[4570] SHRED AWARE	SHREDDING	70.00
5113	9/16/2016	[2710] STARPAGE	PAGING SERVICE FOR SEPTEMBER 2016	12.95
5114	9/16/2016	[5937] DUSTON STILL	CUSTOMER DEPOSIT REFUND	69.92
5115	9/16/2016	[2319] SUDDENLINK COMMUNICATIONS	INTERNET SERVICE 9/10/16 - 10/9/16	134.95
5116	9/16/2016	[2481] VANTAGEPOINT TRANSFER AGENTS-304361	RETIREMENT FOR PPE 9/2/16	4,965.34
5117	9/16/2016	[2772] WENDT CONSTRUCTION, INC	WATER LEAK REPAIRS ON BELLEVUE AVE; SEWER LA	2,910.00
5118	9/16/2016	[3115] SECRETARY OF STATE	COPIES OF CERTIFICATE OF DISSOLUTION & CERTIF	30.00
5119	9/22/2016	[5443] AIRGAS USA, LLC	CYLINDER RENTAL	25.82

CITY OF RIO DELL CHECK REGISTER

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<u>Check</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Check/Payment</u>
5120	9/22/2016	[2224] AQUA BEN CORPORATION	HYDROFLOC 750L 55 GAL DRUM	814.23
5121	9/22/2016	[4892] KEVIN T CALDWELL	REIMBURSEMENT - COPY OF MAP FOR MEDICAL CANNA	150.00
5122	9/22/2016	[2285] CC MARKET (1)	CRUSHED ICE FOR WASTEWATER SAMPLES	14.47
5123	9/22/2016	[6064] KYLE R COX	CLOTHING ALLOWANCE REIMBURSEMENT	231.13
5124	9/22/2016	[2405] FORTUNA ACE HARDWARE	PLUMBING TUBING; TWO HOSE CLAMPS	18.45
5125	9/22/2016	[5052] GHD, INC	ENGINEERING SERVICES FOR INFILTRATION GALLERY	913.50
5126	9/22/2016	[2485] INDUSTRIAL ELECTRIC	RECONDITION VANGUARD 7.5HP 1750RPM 213 FRAME	380.04
5127	9/22/2016	[4360] MODERN MARKETING, INC	500 PLASTIC EVIDENCE BAGS	380.51
5128	9/22/2016	[5560] REDI-RENTS	WOOD CHIPPER RENTAL	403.92
5129	9/22/2016	[5545] RIVERWALK VETERINARY HOSPITAL	EXAM & MEDICATION - GERIATRIC POMERANIAN DOG	67.64
5130	9/22/2016	[2742] SCOTIA TRUE VALUE HARDWARE	ONE QT ROUNDUP BRUSH KILLER; 32 OZ CONC BRUSH	161.53
5131	9/22/2016	[2779] WILDWOOD SAW	TWO STIHL 6 PACK MIX OIL HP FOR 5 GALLON	60.37
5132	9/29/2016	[6038] ACCURATE TERMITE & PEST SOLUTIONS	MONTHLY RODENT CONTROL @ 475 HILLTOP DR	245.00
5133	9/29/2016	[5235] ADVANTAGE FINANCIAL SERVICES	DOCSTAR 3.12 PACKAGE SOFTWARE	343.43
5134	9/29/2016	[3975] AT&T - 5709	U-VERSE INTERNET SERVICE 8/16/16 - 9/15/16	65.91
5135	9/29/2016	[2303] COAST CENTRAL CREDIT UNION	POA DUES FOR PPE 9/16/16..	120.00
5136	9/29/2016	[2411] DEARBORN NATIONAL LIFE INSURANCE	LIFE INSURANCE FOR OCTOBER 2016	240.00
5137	9/29/2016	[5942] KEENAN & ASSOCIATES	HEALTH INSURANCE FOR OCTOBER 2016	14,337.15
5138	9/29/2016	[2569] NORTH COAST LABORATORIES, INC.	COLIFORM QUANTI-TRAY	45.00
5139	9/29/2016	[5973] PRECISION INTERMEDIA	ONSITE TRAINING; MINOR CHANGES & ADJUSTMENTS	237.50
5140	9/29/2016	[3032] RENDEZVOUS MUSIC & VENDING	COFFEE	63.00
5141	9/29/2016	[5475] SEARS, TAMARA	CUSTOMER DEPOSIT REFUND	42.38
5142	9/29/2016	[3372] SPECIALTY TRAFFIC SYSTEMS	16 - 40" X 79" CROWD BARRIER BARRICADES	2,923.20
5143	9/29/2016	[2481] VANTAGEPOINT TRANSFER AGENTS-304361	REITREMENT FOR PPE 9/16/16	5,035.90

CITY OF RIO DELL CHECK REGISTER

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<u>Check</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Check/Payment</u>
5144	9/29/2016	[5166] VSP-VISION SERVICE PLAN	VISION INSURANCE FOR OCTOBER 2016	304.97
5145	9/29/2016	[4310] CAMERON D YAPLE	CLOTHING ALLOWANCE REIMBURSEMENT	188.98
5146	9/29/2016	[2757] US POSTMASTER	POSTAGE FOR UTILITY BILLING FOR THE MONTH OF	353.61
Checks/Deposits				82,096.76
091916	9/19/2016	ELECTRONIC FUNDS TRANSFER	BANK ANALYSIS FEE FOR SEPTEMBER 2016	10.85
704789	9/09/2016	ELECTRONIC FUNDS TRANSFER	EFT FOR AFLAC FOR SEPTEMBER 2016	335.70
581-824	9/12/2016	ELECTRONIC FUNDS TRANSFER	EFT FOR EDD PAYROLL TAXES FOR PPE 09/02/2016	1,498.47
888-896	9/26/2016	ELECTRONIC FUNDS TRANSFER	EFT FOR EDD PAYROLL TAXES FOR PPE 09/16/2016.	1,753.42
796487	9/12/2016	ELECTRONIC FUNDS TRANSFER	EFT FOR EFTPS PAYROLL TAXES FOR PPE 09/02/2016	9,968.56
386093	9/26/2016	ELECTRONIC FUNDS TRANSFER	EFT FOR EFTPS PAYROLL TAXES FOR PPE 09/16/2016	10,895.36
Total EFT's/Bank Withdrawals				24,462.36
TRX TO PR	9/6/2016	TRANSFER FROM CHECK TO PAYROLL ACCOUNT	TRANSFER TO PAYROLL ACCOUNT FOR PPE 09/02/2016	24,782.06
TRX TO PR	9/21/2016	TRANSFER FROM CHECK TO PAYROLL ACCOUNT	TRANSFER TO PAYROLL ACCOUNT FOR PPE 09/16/2016	26,664.69
Total Transfer Between Accounts				51,446.75

*Rio Dell City Hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
riodellcity.com*



October 18, 2016

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager

SUBJECT: Briefing from the Rio Dell Community Resource Center

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Receive the presentation.

BACKGROUND AND DISCUSSION

Ms. Sara Faught Will provide a brief update on the activities and programs of the Community Resource Center.

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*675 Wildwood Avenue
Rio Dell, CA 95562*



TO: Mayor and Members of the City Council

FROM: Karen Dunham, City Clerk

THROUGH: Kyle Knopp, City Manager

DATE: October 18, 2016

SUBJECT: Unmet Transit Needs Public Hearing

RECOMMENDATION

Open the public hearing and receive input on any unmet transit needs in the community. Close the public hearing and make a motion to direct staff to send a letter to Humboldt County Association of Governments (HCAOG) relaying the comments made during the public hearing regarding unmet transit needs.

BACKGROUND AND DISCUSSION

Each spring the Humboldt County Association of Governments (HCAOG), as the Regional Transportation Planning Agency (RTPA) conducts a citizen participation process to assess unmet transit needs within Humboldt County. This annual "unmet transit needs" process helps HCAOG properly apply funds provided by the Transportation Development Act. HCAOG will hold a public hearing for community members to express any unmet needs they have for specific public transit and paratransit service.

In addition to the County unmet transit needs hearing, HCAOG recommends each entity conduct a separate hearing to receive comments specific to their jurisdiction. Any public comments made at the local meeting will be sent to HCAOG and included in the Unmet Transit Needs Report of Findings.

Provided there are no unmet transit needs identified, all of the funds will be allocated for street improvements.



NOTICE OF PUBLIC HEARING

Notice is hereby given that the Rio Dell City Council will hold a Public Hearing on **Tuesday, October 18, 2016 at 6:30 p.m.** or soon thereafter, in the City Hall Council Chambers at Rio Dell City Hall, 675 Wildwood Avenue, Rio Dell, California.

THE PURPOSE OF THE PUBLIC HEARING WILL BE TO DISUCSS:

1) UNMET TRANSIT NEEDS

The Public Hearing will give citizens the opportunity to make their comments known. If you are unable to attend the Public Hearing, you may direct your written comments to the City Clerk, City of Rio Dell, 675 Wildwood Avenue, Rio Dell, CA 95562 or you may call City Hall staff at (707) 764-3532.

All members of the community are encouraged to attend.

Karen Dunham, CMC
City Clerk
Posted 9/27/16

*Rio Dell City Hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
riodellcity.com*



October 18, 2016

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager

SUBJECT: First Reading of Ordinance 345-2016 and Associated Public Hearing to Consider an Amendment to the Rio Dell Municipal Code by Adding Chapter 13.35 to Title 13 (Public Utilities and Services) Joining Community Choice Aggregation (CCA)

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Receive an update from Matthew Marshall.
2. Reopen the public hearing Introducing Ordinance 345-2016 amending the Rio Dell Municipal Code to participate in the CCA being developed for Humboldt County by the Redwood Coast Energy Authority (RCEA) for discussion amongst the council.
3. Receive public comment.
4. Continue the consideration and approval of proposed Ordinance 345-2016 to November 1st, 2016 for second reading and adoption.

BACKGROUND AND DISCUSSION

RCEA was established to provide regional development and implementation of energy programs that reduce demand, increase efficiency and advance the use of renewable resources for the benefit of local residents, businesses and institutions. On May 6, 2003 the City Council authorized execution the RCEA JPA via Resolution No. 842-2003 and the City of Rio Dell has been a member ever since. On November 17, 2016 the City Council authorized the mayor to sign Resolution 1279-2016 which amended and restated the RCEA JPA allowing the Authority to develop of a Community Choice Aggregation program throughout Humboldt County.

On April 5, 2016 the City Council held a first reading on a proposed ordinance that would have amended Rio Dell Municipal Code and made the City a participant in the CCA program. The item was ultimately tabled. On October 4, 2016 the Council held an information session on the Community Choice Aggregation Program and received an update on the number of other entities participating in the program and also the results of a technical study conducted to gauge the feasibility of the program here in Humboldt County.

In 2002, the state provided local communities with the opportunity to procure electric power for their residents through establishment of community choice aggregation programs under Assembly Bill (AB) 117. Unlike a traditional municipal utility in which the city or county owns all of the infrastructure to generate and distribute power and service customer needs, community choice aggregation programs utilize the existing wires and equipment of incumbent investor-owned utilities. In Rio Dell's case, this would be Pacific Gas and Electric Company (PG&E). The community choice aggregation program purchases power, which is then delivered, metered and billed by PG&E. A joint powers authority can function as a community choice aggregator. Based on interest from member agencies the RCEA Board has approved revisions to the JPA which will allow RCEA to implement a CCA program.

Other agencies involved in this effort include the County of Humboldt, Humboldt Bay Municipal Water District and the cities of Trinidad, Fortuna, Eureka, Blue Lake and Arcata.

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ORDINANCE NO. 345-2016

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RIO DELL
AMENDING THE CITY MUNICIPAL CODE TO AUTHORIZE PARTICIPATION IN
THE COMMUNITY CHOICE AGGREGATION PROGRAM IMPLEMENTED AND
OPERATED BY
THE REDWOOD COAST ENERGY AUTHORITY (RCEA)**

The City Council of the City of Rio Dell, hereby ordains as follows:

SECTION 1. Title 13, of the City of Rio Dell Municipal Code is hereby amended by creating a new Chapter 13.35, *Community Choice Aggregation*, as follows:

13.35 Findings and Purpose.

- A. The California Public Utilities Code under Chapter 2.3 of Division 1, Part 1 allows electric utility customers to aggregate their electric loads as members of their local community with community choice aggregators, where a community choice aggregator may be any city, county, or group of cities or counties who have elected to combine the loads of their programs through the formation of a joint powers agency established under Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the California Government Code.
- B. The City of Rio Dell has been investigating options to provide electric services to constituents within its service areas with the intent of achieving greater local involvement over the provisions of electric services, competitive electric rates, the development of clean, local renewable energy projects, reduced greenhouse gas emissions, and the wider implementation of energy conservation and efficiency projects and programs through a community choice aggregation (CCA) program.
- C. The City of Rio Dell is a member of the Redwood Coast Energy Authority (RCEA), a joint powers authority formed by the County of Humboldt, Cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna and Rio Dell, Trinidad and the Humboldt Bay Municipal Water District, to act as a regional agency to promote sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient and renewable resources available in the region.
- D. The RCEA is authorized by ordinance to act as a community choice aggregator to implement and operate a CCA program under California law.
- E. RCEA has established key CCA program goals of maximizing the use of local renewable resources while also providing competitive rates to customers. These goals are aimed at supporting local economic development as well as reducing the

environmental impacts resulting from the use of electricity in a technically and economically feasible manner.

- F. To analyze the feasibility of operating a CCA program that achieves these goals, RCEA [*is currently in the process of procuring technical support services/has retained independent technical support services*] to conduct the appropriate development and operational studies, including technical, financial and risk analyses. These studies will assist RCEA, its member agencies, and the community in evaluating a potential rate structure and energy portfolio, and, ultimately, potential CCA program viability prior to formal launch of a CCA program through the filing of an Implementation Plan with the CPUC.
- G. Participation in a CCA program implemented and operated by the RCEA, rather than independently electing to become a community choice aggregator, will reduce the City's financial exposure from community choice aggregation, if any, because RCEA's joint power authority structure immunizes its member agencies from its debts, liabilities and obligations, and therefore the debts, liabilities and obligations of a CCA program.
- H. Electric customers have the right to opt out of the CCA program and continue to receive service from the existing utility under Public Utilities Code §366.2.
- I. Under the RCEA CCA program structure, the City will have CCA program voting privileges on the RCEA Board of Directors as set out in the RCEA Amended and Restated Joint Powers Agreement effective December 15, 2015.

13.35 Participation in Community Choice Aggregation

Based on all of the above, the City Council of the City of Rio Dell elects to implement a Community Choice Aggregation program within the City's jurisdiction by and through the RCEA, subject to the determination of the RCEA, based on its CCA program developmental and operational analyses and member agency input, that a CCA program based on the key goals set out above is not technically or economically feasible and consequently decides not to launch the CCA program.

SECTION 2. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this ordinance. The City Council of the City of Rio Dell hereby declares that it would have passed this ordinance and every section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared unconstitutional or invalid.

SECTION 3. This ordinance shall take effect and be in full force thirty (30) days from and the date of its passage. The City Clerk is hereby authorized and directed to publish this ordinance at least fifteen (15) days after its passage. It shall be published once with the names of the City

Council members voting for and against the ordinance in a newspaper of general circulation published in the City of Rio Dell in the State of California.

PASSED, APPROVED, AND ADOPTED this 1st day of November, 2016.

AYES:

NOES:

ABSENT:

Frank Wilson, Mayor

ATTEST:

Karen Dunham, City Clerk

GUIDELINES FOR THE REDWOOD COAST ENERGY AUTHORITY COMMUNITY ENERGY PROGRAM LAUNCH-PERIOD STRATEGY AND TARGETS



Adopted September 19, 2016

OVERVIEW & GOALS

The Redwood Coast Energy Authority (RCEA) is proceeding with the launch of a community choice energy program scheduled to commence service to customers in May of 2017. Based on the groundwork established by the RePower Humboldt strategic plan for developing local renewable energy, in June of 2015 the RCEA Board of Directors voted to proceed with developing a community choice energy program for Humboldt County with the following core goal:

Maximize the use of local renewable energy while providing competitive rates to customers.

In addition to this over-arching goal, the program will be designed to pursue the following aspirations and community benefits:

- Environment Quality
- Local Control and the Ability to Pursue Local Priorities
- Economic Development
- Energy Independence
- Customer Rate-savings, Choice, and Community Programs

Implementing a community choice energy (CCE) program that furthers these goals will be an ongoing and evolving process. Outlined below are targets and objectives for the initial launch phase of the program during years 1-5 of operation. These targets and objectives will have to be adaptively managed based on market conditions and local considerations, but will be used as a guiding framework for the development of RCEA's CCE Program Implementation Plan, power procurement strategy, and the development of local generation projects and programs.

FINANCIAL TARGETS

- A target of approximately 5% of the available program annual budget will be allocated to customer rate savings (based on parity with PG&E generation rates and with PG&E PCIA fees factored in). This equates to a total customer rate savings that averages at least \$2 million per year over the first 5 years, for a targeted total cumulative customer rate savings of at least \$10 million over the first 5 years of operation.
- The program will target building a rate-stabilization/reserve/contingency fund of \$35 million by the end of year five under projected market conditions. The program will be designed to target a minimum reserve of at least \$10 million even under adverse market conditions.
- Over the first 5 years, the program will aim to retain and/or redirect \$100 million dollars or more of rate-payer dollars back into Humboldt County when taking into consideration local power-procurement, customer rate-savings, local-program spending, and allocations toward building the reserve/contingency fund.

POWER OBJECTIVES

- At least 5% more renewable energy (as defined by state law) than PG&E's power mix.
- At least 5% lower greenhouse gas emission rate than PG&E mix.
- Maximize the use of local renewable energy to the extent technically and economically feasible and prudent.
- Strongly support energy efficiency and conservation as core strategies toward achieving the program's environmental, economic, and community goals.

GENERATION PORTFOLIO TARGETS

Existing Local Biomass

- Issue a Request for Offers targeting power purchase agreements with 1-2 existing facilities.
- Structure overall biomass procurement strategy around local waste-management and forest restoration priorities and needs.
- Include environmental, community, and economic considerations in selection process.
- Contingent on price and market conditions, contract for a target of around 20MW of local biomass energy (about 15% of the total RCEA power portfolio).

Existing Local Small Hydroelectric

- Pursue contracting with a target of 2MW of existing local small hydro.
- Ensure that any contracts are structured to support and prioritize the operators' water-management and environmental quality objectives.

New Local Solar Power

- **Feed-in-tariff power procurement program for small generators**
 - <1MW small/medium renewable generators (solar and other technologies)
 - Eligible projects are designed primarily for wholesale power production (not focused on meeting on-site energy loads).
 - Standardized, upfront purchase price, projected to be in the range of \$80-100/MWh to facilitate project financing.
 - Standardized, upfront, and straightforward contract terms and duration to facilitate project financing.
 - Initial power portfolio allocation to the feed-in-tariff program will be targeted at 6MW.
- **Utility-scale Solar**

In parallel to the feed-in-tariff program RCEA will pursue the development of additional wholesale-generation solar projects, which could be developed by RCEA and/or third-parties in pursuit of overall power portfolio solar content targets:

 - Initial target of 5MW of new local wholesale solar online before the end of 2018.
 - Launch-phase target of 15MW of utility-scale/wholesale solar online by the end of year 5 of operations.
 - Focus project development on underutilized/idle public and industrial sites to limit impacts related to other beneficial uses such as agriculture, economic development, habitat, and open space.

Additional Power Resources

To meet and balance over-arching objectives for rates, renewable energy %, and greenhouse gas emissions as well as to match power generation availability to customer loads demands, the launch-period portfolio will incorporate the following addition power sources:

- Renewable generation projects--wind, solar, geothermal, etc--located outside the County.
- California and/or Pacific Northwest hydroelectric power (which is renewable and emissions-free, but cannot be counted toward CA state renewable portfolio standard requirements). This will not include any power from the Klamath River dams.
- Unspecified "system power" from the CASIO power market pool (while power from the pool is not traceable to any specific generator, in northern CA this power is predominately generation from natural gas and large hydro power facilities).

Future/Long-term Generation

- **New Local On-shore Wind Generation**
 - Assess the possibility for up to 50MW of local on-shore wind energy generation on Bear River Ridge.
 - The most viable site for local on-shore wind is Bear River Ridge west of Rio Dell and South of Ferndale.
 - While there are other-possible sites in the area, Bear River Ridge has the best wind resource in the County (it is one of the top wind resource areas in the state), Bear River Ridge property owners are willing and interested in developing a wind project, and there was considerable environmental and technical study and evaluation previously conducted which, if utilized, would reduce the development costs and timelines of a potential project.
- **New Local Small-scale Hydroelectric**
 - Evaluate options for the development of new small-scale hydroelectric that would be feasibly-compatible with environmental and cultural priorities.

- **Offshore Wind Energy**
 - While not yet deployed in California, offshore wind energy generation is an established technology. The wind resource off of the Samoa Peninsula coastline is one of the best in North America, and the on-shore infrastructure on the peninsula appears well-suited to accommodate offshore wind development.
 - During the initial 5-year launch-phase of Program, RCEA will allocate resources to moving forward with community and stakeholder engagement, site selection, environmental review, and project scoping.
- **Wave Energy**
 - Wave energy technology is in an early stage of development. During the program launch phase, RCEA will build on the previous WaveConnent and CalWave projects to explore and evaluate opportunities for local wave-energy research, development, and pilot-deployment.

PROGRAMS

Enhanced Solar Net-Energy-Metering (rate-based program)

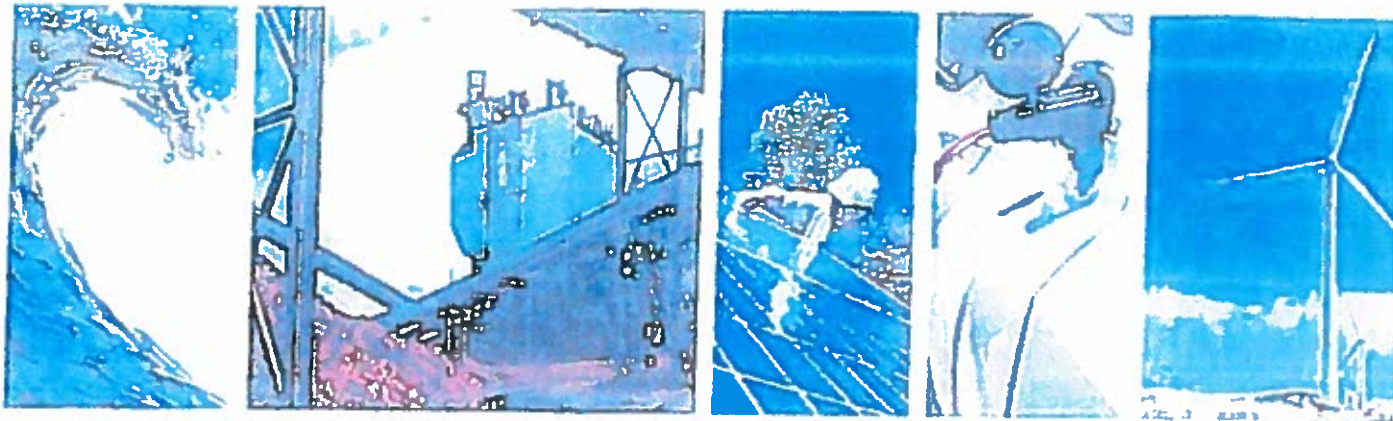
- Self-generation power credited to customer's bill at retail rate plus \$0.01/kWh (+5-10% above base retail generation rate).
- Excess generation credits roll-over from year to year and never expire.
- Excess generation credits can be cashed-out for full retail value.

100% Renewable Energy Option (rate-based program)

- Voluntary opt-up option for premium price (based on actual cost of service).
- Large hydro and system power components of base RCEA power mix replaced with renewable energy (non-local solar, wind, geothermal, etc).
- Evaluate 100% solar and/or 100% local renewable options in the near-term (in or after 2018, after launch and ramp-up of operations).

Programs budget target of an initial allocation of up to \$1,000,000 per year for:

- **Solar and Energy-storage Technical Assistance**
Program emphasis will be on public-agency and community facilities, especially critical infrastructure such as water/wastewater treatment and emergency response.
- **Electric Vehicle Charging Infrastructure**
Supporting the adoption of electric vehicles provides multiple benefits aligned with CCE Program goals: significant reductions in greenhouse gas emission compared to petroleum-powered vehicles; lower \$/mile fuel costs compared to petroleum vehicles, increasing CCE customer-load base, and providing a flexible electricity demand load that has the future potential to be managed to support the integration of renewable energy.
- **Energy Efficiency and Conservation**
New programs that support and enhance the existing programs offered by RCEA, PG&E, the Redwood Community Action Agency, and others.
- **Match funding for State, Federal, and Foundation Energy Grants**
The majority of grant funding opportunities require some level of local match funding, so tagging/reserving a flexible component of the CCE program budget to be available as-needed for use as energy-related grant match funding will support bringing resources into Humboldt County to pursue our community energy goals.



HUMBOLDT COUNTY Community Choice Energy ROADMAP



Introduction BACKGROUND

The Redwood Coast Energy Authority (RCEA) is a local government joint powers agency of the County of Humboldt, the Cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell, Trinidad and the Humboldt Bay Municipal Water District. Formed in 2003, RCEA's mission is to develop and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient and renewable resources available in the region. RCEA offers a range of energy related services to Humboldt County local governments, businesses, and residents in the community.

In 2012 RCEA adopted the Humboldt County Comprehensive Action Plan for Energy (CAPE), which is RCEA primary guiding document. Expanding on the strategies outlined in the CAPE, RCEA initiated RePower Humboldt, a community-wide effort to define a vision and Strategic Plan for achieving energy independence and energy security in Humboldt County. With the support of the Humboldt State University Schatz Energy Research Center, the CA Energy Commission, and many community stakeholders, this effort culminated in the development of the RePower Humboldt Strategic Plan to establish a vision for the year 2030 and guide the integration of renewable energy in Humboldt County, develop local energy infrastructure, and set energy-related goals.

RCEA has identified community choice aggregation as potentially a critical mechanism to enable the implementation of the RePower Humboldt Strategic Plan and to realize the RePower Humboldt 2030 vision and the associated community benefits of that vision. To that end, RCEA's board has directed staff to move forward with pursuing the implementation of a local community choice program.

WHAT IS A COMMUNITY CHOICE PROGRAM?

Community choice aggregation (CCA), also known as community choice energy, is a provision of California law that allows cities, counties or joint powers agencies to purchase electricity and other necessary electrical services on behalf of the customers in their territories. CCAs differ from municipal utility districts in that CCAs only provide the generation component of electricity services, which accounts for around half of a customer's electricity bill. The investor-owned utility (IOU), in our case Pacific Gas & Electric (PG&E), continues to own the electricity distribution infrastructure and to provide electricity transmission, distribution, billing, and related customer services. However, CCAs are able to determine their own energy supply mixes and rate structures.

How Local Energy Aggregation Works



While CCA is relatively new in California, with three programs currently providing service to customers, there are over 1,000 CCAs operating across the country in Illinois, Ohio, New Jersey, Rhode Island, and Massachusetts.

WHY IS IT WORTH DOING?

Local Control: A CCA program allows Humboldt County to pursue our own priorities, such as local generation and programs to support economic development, and provides local control of rate-setting. Unlike IOUs, local governments are accountable to their citizens through locally elected officials whose tenures depend on serving the public good and supporting the interests of their communities. When compared with an IOU, the decision making process of a local authority will be more transparent and accessible to the public, and can better reflect the interests and desires of the community. Conversely, IOUs are required to serve the interests of their investors and are subject the regulatory constraints imposed by the CA Public Utilities Commission (CPUC).

Rates: A key motivating factor for the 1,000+ CCAs in operation has been the opportunity to reduce rates for electricity customers; like municipal utilities, CCAs have been able to provide rates sometime as much as 20-30% lower than investor-owned utilities. The established California CCAs have focused on prioritizing environmental performance, but have still managed to achieve rates 2-7% below PG&E while providing significantly higher percentages of renewable energy.

Choice: When a City or County chooses to offer a CCA program to its community, each individual household and business still has the option to opt out of the program and continue to have their generation services provided by PG&E. State law requires that customers receive multiple notices of CCA program launch to ensure they are aware of the option to opt out, and customers can also opt out after the launch anytime in the future. While no customer is forced to participate, opt-out rates are typically very low (under 10% in Sonoma County), which is not surprising when customers' utility costs are lowered by participating in the CCA.

Priorities

RCEA will implement the Humboldt County CCA program guided by three core priorities established by the RCEA Board of Directors and aligned with the RePower Humboldt Strategic Plan: maximizing the use of local renewable resource, providing competitive rates, and supporting local economic development.

COMPETITIVE RATES

A key factor in success will be our CCA's ability to achieve rate competitiveness with PG&E while pursuing other CCA program goals. To minimize customer opt-outs, the CCA must provide overall rates that are competitive with or lower than those offered by PG&E for similar power supply products.

Maintaining relative rate parity while also providing a high share of local renewable energy will be challenging. Natural gas prices are currently very low, reducing the cost of non-renewable energy. In the long run, factors such as renewable technology costs, expiration of federal renewable tax credits, natural gas prices, and greenhouse gas compliance costs will influence the ability to maintain rate parity. While these factors cannot be predicted with great confidence, one possible future benefit for a CCA would be a potentially significant financial advantage to the extent that it invests in its own generation resources, particularly if and when renewable tax credits for private developers expire. Prior to launch RCEA is exploring a variety of supply portfolios using different cost assumptions for the above factors to determine the likelihood of maintaining rate parity while offering a larger share of renewable energy.

LOCAL RENEWABLE ENERGY

The CCA program will pursue an energy portfolio that prioritizes the use of local renewable resources, including existing facilities, to the maximum extent technically and economically feasible.

The State has aggressive goals for renewable energy, implemented through the State's Renewable Portfolio Standard (RPS) which sets targets for quantities and types of renewable energy that electricity providers must supply to their customers. These targets are 25% renewable energy by 2016, 33% by 2020, and 50% by 2030. The CCA program will strive to use local renewable resources to exceed these targets.

Existing local renewable energy generation facilities that the CCA could potentially pursue contracts with are listed in the table below along with generation information as reported by the California Energy Commission.

Facility	Nameplate Capacity (MW)	2013 net output (MWh)
Eel River Biomass Plant	32.5	134,929
Fairhaven Biomass Plant	18	115,522
Blue Lake Biomass Plant	13.8	74,450
Ruth Lake Hydroelectric Plant	2	4,228
Total	66.3	329,129

Average community-wide energy consumption in Humboldt County is around 850,000 MWh per year. So, assuming 10% customer opt-out, these existing facilities could potentially supply around 40% of the CCA's energy demand. However, the power from local facilities is not low-cost, and so a key first step in the procurement planning process will be a detailed and thorough evaluation to determine to what extent the CCA's portfolio can incorporate local renewables and still maintain competitive rates.

The CCA will also offer customer programs that offer residents and businesses options to more directly engage in the development and use of local renewable energy:

100% renewable, opt-in choice: Customers will be offered a 100% renewable energy option at a price premium, based on the costs of a 100% renewable supply.

Net energy metering tariff: Net energy metering allows customers to make their meter “spin backward” and offset their electrical usage by installing a generating system (e.g. rooftop solar).

Feed-in-tariff program: A Feed-In Tariff is a renewable energy purchasing program which sets simple and straightforward rules and pricing for purchasing surplus electricity from small-scale renewable electricity projects within the CCA's service territory.

ECONOMIC DEVELOPMENT

The CCA will strive to create quantifiable economic benefits in the region through job retention and creation and the investment of any surplus funds to develop local renewable energy projects and community energy programs that benefit customers.

The CCA will promote regional energy conservation through custom programs targeted at local customers and implementing demand management best practices. The CCA will also explore the development of energy rates and incentives that can support community business retention and expansion.

Of immediate and significant relevance to the local economy is the critical role of local biomass power plants in the forest-products sector. Biomass from sustainably managed forests is a renewable resource that can be used to generate base-load electricity, reducing the need for electricity on California's grid produced from fossil resources. In addition, biomass use in electricity generation contributes to lowering greenhouse emissions by disposing of wood residuals (sawdust, wood chips) generated from milling logs into lumber in a controlled combustion environment eliminating methane, particulate matter and other harmful emissions associated with alternative fates such as open pile burning or landfills.

Further, markets for woody materials generated from wildfire risk reduction treatments created by biomass power generation increase the likelihood that fire on the landscape can fulfill its ecological role in California's forests by allowing land managers to conduct fire risk reduction treatments on larger areas.

Two of our three local biomass plants are currently idle due to the wholesale purchase prices offered by utilities being too low for our plants to viability operate. This is the result of both the currently-low price of

natural gas as well as the rapidly-decreasing cost of other renewable technologies like solar. While the low cost of other renewable resources available to utilities is an excellent development overall, the local impact of our biomass power plants shutting down has a significant negative impact on the entire forest products industry in the County in the form of increased costs of sawmill residue removal and increasing levels of logging residues left in the woods to pile burn or be burned in the next wildfire.

Yana Valachovic, University of California Cooperative Extension Forest Advisor and Humboldt - Del Norte County Director, describes the current situation this way: "Without a market to purchase sawmill residue or residue from fuel reduction or forest health activities, sawmills are scrambling. Investors are looking elsewhere, and many forest stewardship activities have been stopped. This creates a significant economic and ecological crisis in this region."

The availability of local biomass facilities to utilize wood waste is the Achilles' heel of our forest-products sector, with possibly hundreds of local living-wage jobs currently threatened by the uncertain fate of our local power plants. The local control of power purchasing decisions provided by the CCA program will provide a key opportunity to potentially solve this problem. Unfortunately this urgent issue has already reached a critical point in 2014, providing an impetus for swift action to establish the CCA, determine the feasibility and parameters of incorporating biomass energy into the CCA's portfolio, and proceed with contracting if that is deemed viable.

OTHER KEY PRINCIPLES

In addition to the core priorities above, the CCA will be implemented with the following guiding principles:

Operational Excellence: The CCA will operate as a well-managed organization based on a financially sustainable and flexible business model. This will include a commitment to robust planning and risk management strategies, conservative fiscal management, and the development of a reserve fund.

Environmental Performance: In addition to the percentage of renewable energy delivered, the CCA program will pursue an energy portfolio that also reduces greenhouse gas emissions and other pollution while minimizing the use of unbundled renewable energy credits (RECs), as well as minimizing environmental and community impacts overall.

Accountability and Transparency: As a local government program the CCA will be accountable to citizens through locally elected officials who will serve the public good and supporting the interests of their communities. Customer will have access to democratically elected or appointed representatives and CCA governance decisions will be made in local, public meetings in a transparent way and will strive to reflect the best interests of the community.

Launch & Operations

The launch and operations of the CCA program can be categorized into three primary categories of activities: governance, community outreach and engagement, and operations.

GOVERNANCE

Joint Power Agreement: Established in 2003, RCEA's joint powers agreement (JPA) provides an existing foundation to move forward with a community-wide CCA program for Humboldt County. The RCEA Board has established its interest in becoming a community choice aggregator and implementing a local CCA program on behalf of those member Cities and the County that choose to become CCA participants. In order to become a community choice aggregator the RCEA JPA required revision. Pursuant to the current JPA, amendments are permissible if in writing and approved by at least 2/3 of the RECA member agencies.

In September 2014 RCEA's Board approved CCA-enabling revisions to the JPA; the nature of these changes include:

1. Any RCEA member City or the County may elect to participate in the CCA program by adopting an ordinance indicating its election to participate (staff intends to prepare a template ordinance for member agency use).
2. As specified in the current JPA, the RCEA's debt, liabilities and obligations do not become debts, liabilities or obligations of the member agencies.
3. A partially weighted voting structure based on each participating member's proportion of total electricity customers.
4. RCEA member agencies that are not CCA program participants would continue to vote on all RCEA matters except those pertaining to the CCA program. Only member agencies that become CCA program participants will vote on CCA program matters.

The RCEA Board chose to adopt a 2/3 vote weighting systems to provide more representative decision making while still ensuring that a diversity of community perspectives are included. Weighting based on the share of electricity customers was selected to capture representation of both residential and commercial CCA customers, while not tying the weighting to higher consumption as other CCA have done. It should be noted that there is not currently a substantive difference regardless of whether the weighting was based on population, electricity customers, or total energy load as shown in the following table.

Jurisdiction	Population	% of pop.	% of electric. customers (selected for weighting)	% of energy load
Unincorp. County	71,925	53.4%	52.9%	58.2%
Eureka	26,925	20.0%	21.1%	21.2%
Arcata	17,730	13.2%	12.4%	10.6%
Fortuna	11,888	8.8%	8.5%	6.0%
Rio Dell	3,377	2.5%	2.3%	1.7%
Ferndale	1,364	1.0%	1.4%	0.9%
Blue Lake	1,243	0.9%	1.0%	0.6%
Trinidad	357	0.3%	0.4%	0.7%

The amended and reinstated JPA is currently in the review and approval process with RCEA's Members.

CCA Ordinance: Established by State law, the process for becoming a CCA requires that each local government governing body adopt an ordinance proclaiming their decision to participate in the CCA through RCEA, after which RCEA must then file an Implementation Plan with the CPUC. RCEA is preparing an ordinance template for Member governments that chose to participate in the CCA.

It should be reiterated that a jurisdiction choosing to be a part of the CCA is making the option of participation available to that community, but individual customers can choose initially or at a later time whether or not they want to participate.

Implementation Plan: The CPUC, which ultimately has to approve the program, requires that the CCA submit an implementation plan that covers all aspects of the set-up and operation. The plan will include the following:

- Process and consequences of aggregation
- Organizational structure of the program, its operations and funding
- Rate setting and other costs to participants
- Disclosure and due process in setting rates and allocating costs among participants
- Methods for entering and terminating agreements with other entities
- Participant rights and responsibilities
- Termination of the program
- Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities

The Implementation Plan must also include a statement of intent indicating that the program must provide universal access, reliability and equitable treatment of all classes of customers, and to meet any other requirements established by state law or by the CPUC (Section 366.2 of the Public Utilities Code specifies that to form a CCA, there must be a local ordinance approved by the entity proposing the CCA, followed by the

preparation of an implementation plan, which must contain specific elements outlined in the statute). After the implementation plan is approved, the CCA registers with the CPUC and provides an executed copy of the services agreement between the CCA and the utility that covers the services to be provided by the utility (eg: billing).

Funded by the CA Energy Commission, the Local Government Commission developed the template for CCA implementation plans, along with a CCA implementation guidebook, available at:

http://www.energy.ca.gov/pier/project_reports/CEC-500-2008-091.html

COMMUNITY OUTREACH & ENGAGEMENT

Media and Information Distribution: There are numerous complexities related to electricity service and how CCAs operate that are unfamiliar to the majority of citizens. To ensure that the community becomes aware of the local CCA efforts and the ramifications of CCA implementation, RCEA has begun conducting general education and outreach efforts through print, online, social media, radio, television, and through RCEA's resource center in Old Town Eureka.

Workshops: In addition to broad outreach efforts, RCEA is scheduling a series of town-hall open-house workshops around the County to provide the community numerous in-person opportunities to learn about what a CCA program is, why we are doing it, and how it works.

Rate Comparison: Developed and jointly produced with PG&E, a rate comparison provides a typical bill for various customer classes under the CCA's rates alongside the current PG&E rates. This provides a clear picture of the rate impact for customers based on the power option they choose; an example rate comparison from Sonoma Clean Power is available at: <https://sonomacleanpower.org/wp-content/uploads/2015/11/2015-09-01-SCP-Joint-Rate-Comparison.pdf>

Opt-Out Notices: An important step in CCA launch is providing all customers with multiple opt-out notices. The CCA must fully inform all customers of their right to opt out of the CCA program and to continue receiving service as a bundled customer from the IOU. All customers must be notified twice within 60 days prior to the date of automatic enrollment. In addition, notification must continue for participating customers for at least two consecutive billing cycles after enrollment. Customer notification must contain the following information:

- Those customers will be automatically enrolled.
- That each customer has the right to opt out of the program without penalty.
- The terms and conditions of CCA service.

The Table below outlines at a high-level the anticipated roles and duties of the RCEA Board, RCEA staff, and the third-party contractor(s). RCEA anticipated a heavy reliance on contracted companies in the initial 5 years, with the potential to shift certain operational activities to RCEA staff if deemed viable and cost-effective.

Function	Start-Up	Near-Term (2 to 5 Years)	Long-Term
Program Governance	Authority Board	Authority Board	Authority Board
Program Management	Authority staff (Third Party support)	Authority staff	Authority staff
Outreach	Authority staff	Authority staff	Authority staff
Customer Service	Authority staff (Third Party support)	Authority staff (Third Party support)	Authority staff (Third Party support)
Key Account Management	Authority staff	Authority staff	Authority staff
Regulatory	Third Party (Authority staff support)	Authority staff (Third Party support)	Authority staff
Legal	Authority staff (Third Party support)	Authority staff (Third Party support)	Authority staff
Finance	Third Party (Authority staff support)	Authority staff (Third Party support)	Authority staff
Rates: Approve	Authority Board	Authority Board	Authority Board
Rates: Develop	Third Party (Authority staff support)	Authority staff (Third Party support)	Authority staff
Resource Planning	Third Party (Authority staff support)	Third Party (Authority staff support)	Third Party (potentially Authority staff)
Energy Efficiency	Authority staff	Authority staff	Authority staff
Resource Development	Authority staff (Third Party support)	Authority staff (Third Party support)	Authority staff (Third Party support)
Portfolio Operations	Third Party	Third Party (Authority staff support)	Third Party (Authority staff support)
Scheduling Coordinator	Third Party	Third Party	Third Party
Data Management	Third Party	Third Party	Third Party




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For Meeting of: October 18, 2016

To: City Council

From: Kevin Caldwell, Community Development Director 

Through: Kyle Knopp, City Manager 

Date: October 12, 2016

Subject: Medical Cannabis Commercial Land Use Regulations, Section 17.30.195 of the Rio Dell Municipal Code

Recommendation:

That the City Council:

1. Receive staff's report regarding establishing Medical Cannabis Commercial Land Use Regulations, Section 17.30.195 of the Rio Dell Municipal Code; and
2. Open the public hearing, receive public input and deliberate; and
3. Find that the proposed text amendment is consistent and compatible with the General Plan and any implementation programs that may be affected; and
4. Find that the proposed amendments have been processed in accordance with the California Environmental Quality Act (CEQA); and
5. Adopt Ordinance No. 348-2016 establishing Medical Cannabis Commercial Land Use Regulations, Section 17.30.195 of the Rio Dell Municipal Code; and
6. Direct the City Clerk, within 15 days after adoption of the Ordinance, to post an adoption summary of the Ordinance with the names of those City Council members voting for or against, or otherwise voting in at least three (3) public places and to post in the office of the City Clerk a certified copy of the full text of the adopted Ordinance pursuant to Section 36933(a) of the California Government Code.

Background

In January the City began developing a comprehensive Commercial Medical Cannabis Land Use Ordinance. The City has held close to 20 public meetings to receive public input regarding the proposed regulations and possible taxing options. After significant public input and careful consideration and discussion by the City Council, at the meeting of August 16th Councilmember Thompson suggested that all cannabis related activities be limited to the Sawmill Annexation area north of the Eel River. In addition, Councilmember Thompson suggested a number of other minor amendments, including

- Eliminating dispensaries as an allowed use within the City, including the Sawmill Annexation area;
- Clarifying and defining the difference between Outdoor (open field) and Greenhouse cultivation;
- Clearly prohibiting Outdoor-Open Filed cultivation within the City;
- Eliminating odor discharges to neighboring properties from cultivation and manufacturing facilities;
- Requiring that employees involved in cultivation and processing activities have access to coveralls in addition to facemasks and gloves;
- Requiring that cultivation, processing, manufacturing facilities and testing laboratories be alarmed with either an audible or silent alarm system that are operated, monitored by a recognized security company;
- Requiring that security cameras shall be installed and maintained in good condition, and used in an on-going manner with at least 240 concurrent hours of digitally recorded documentation in a format approved by the Planning Commission for cultivation, processing, manufacturing facilities, testing laboratories and dispensaries. The cameras shall be in use 24 hours per day, 7 days per week. The areas to be covered by the security cameras shall include, but are not limited to, the public areas, processing areas, storage areas, employee areas, all doors and windows, and any other areas as determined to be necessary by the Planning Commission.

The recommended changes were approved by a majority of the Council with Councilmember Marks dissenting. Because a number of changes were made to the April 12th, 2016 Planning Commission's recommended regulations, staff presented the changes to the Planning Commission at their meeting of August 23rd. As the Council might expect because the changes are more restrictive, there was not a lot of discussion regarding the proposed changes. There was some discussion regarding the background check and in particular disqualifying felonies.

Staff reminded the Commission that both the background check and disqualifying felony provisions are requirements of the State's MCRSA.

Because the original Planning Commission recommended regulations, Ordinance No. 342-2016 was not approved, staff was advised procedurally that the current recommended regulations are considered a new ordinance. Ordinance No. 348-2016 was introduced at the Council meeting of September 6th. Councilmember Thompson suggested that the Sawmill Annexation area be clearly defined in the definitions section of the Ordinance and that language regarding revocation of permits by "Operation of Law" be included. Furthermore Mayor Wilson suggested that the definition include a map with the assessor parcel numbers. The Sawmill Annexation Area definition, including the map with the assessor parcel numbers and the revocation of permits by "Operation of Law", has been incorporated in the Ordinance.

Mayor Wilson also referred to the County Cannabis regulations, in particular Section 55.4.10 regarding setbacks from a school, school bus stop, church or other place of religious worship, public park, or Tribal Cultural Resource for cultivation activities. The State requires a 600 foot setback from schools. The Council has expanded the required setbacks from schools to 1,000 feet. There is currently a school bus stop near Ronzo's Garden Supply. Although the bus stop is further than 1,000 feet from the potential Martino cultivation operation, staff has learned that the owner's of the residence with the children using the bus stop have listed their property for sale and will be moving. As such, there will be no need for a bus stop at this location.

Councilmember Thompson put forward a motion to approve the introduction of Ordinance No. 348-2016 with the inclusion that the Sawmill Annexation area be clearly defined in the definitions section of the Ordinance, including a map with assessor parcel numbers and that language regarding revocation of permits by "Operation of Law" be included. The motion was seconded by Councilmember Johnson. The motion carried 4-1 with Councilmember Marks dissenting. Again, the Sawmill Annexation Area definition, including the map with the assessor parcel numbers (pages 6 and 7 of the CCMLUO) and the revocation of permits by "Operation of Law" (page 20 of the CCMLUO), has been incorporated in the Ordinance.

The Council also directed staff to look into potential fees associated with cannabis activities. As the Council is aware, the City cannot charge more than the actual cost of providing the service. The City Attorney has recommended the following language be included in the Ordinance:

(16) Fees, Taxes and Other Charges

The Council may establish fees, taxes or other charges for a commercial cannabis activity permit by resolution or ordinance. The failure to pay all applicable fees, taxes and other charges when due shall be a violation of the Section as contemplated by subsection 17.30.195(5), above.

Staff will be working with the City Attorney in developing potential fees associated with the implementation, administration and enforcement of the cannabis regulations.

Staff presented the recommended changes to the Planning Commission at their meeting of September 27th. In addition, staff reported to the Commission the results of attending a MCRSA Cultivations Workshop presented by the California Department of Food and Agriculture's (CDFA) Medical Cannabis Cultivation Program (MCCP). One issue that was presented was the issuance of Type 3 permits, which are permits for the largest cultivation areas. Because the State will be limiting the number of Type 3 permits, they encouraged jurisdictions to adopt their regulations and approve Type 3 permits as soon as practical. Again, existing, approved cultivation permits are given priority at the State level. Apparently Calaveras County has grandfathered and approved close to 900 cultivation operations, most of which are Type 3 outdoor permits. In addition, as of the first part of September the City of Desert Hot Springs has approved 25 Type 3A indoor cultivation permits with another 12 pending approval.

In light of the State's recommendation staff informed the Planning Commission that staff plans to recommend that indoor cultivation sizes/permit types using exclusively artificial lighting in the Industrial Commercial (IG) zone not be based on parcel sizes. See below.

**Indoor Cultivation
Industrial Commercial (IC) Designations**

State License Type	Parcel Size	Allowable Canopy
Type 1A, "Specialty Indoor"	<1 acre	5,000 sq. ft.
Type 2A, "Small Indoor"	1.0 - 1.99 acres	10,000 sq. ft.
Type 3A, "Indoor"	≥ 2 acres	22,000 sq. ft.

Zone Reclassification/Text Amendments Required Findings:

1. The proposed amendment is consistent and compatible with the General Plan and any implementation programs that may be affected.

The General Plan contains a number of economic development policies, including promoting a variety of commercial uses and allowing light manufacturing in appropriate commercial areas. The two prospective developers who have approached the City plan to expend approximately \$5,000, 000 each on infrastructure and building improvements. In addition, at full build out it's expected that the two operations will provide between 75 and 100 new jobs.

There are no policies in the General Plan which would preclude or prohibit the Medical Marijuana Commercial Land Use Regulations. Therefore, the recommended regulations are consistent and compatible with the General Plan.

2. The proposed amendments have been processed in accordance with the California Environmental Quality Act (CEQA).

The primary purpose of the California Environmental Quality Act (CEQA) is to inform the decision makers and the public of potential environmental effects of a proposed project.

Because any development, including cultivation, processing, manufacturing and distribution of cannabis for medical use within the City of Rio Dell requires a Conditional Use Permit, each individual application will be reviewed pursuant to the California Environmental Quality Act.

In addition, agricultural activities are already principally in the Natural Resources (NR) zoning designation. Indoor cultivation is recommended to be a conditionally permitted use in the Industrial Commercial (IC) zone. Based on currently allowed uses and the recommended Performance Standards, staff believes there is no evidence to suggest that indoor cultivation in the Industrial Commercial (IC) zone will have a significant effect on the environment.

Agricultural Processing and distribution facilities are already existing permitted uses in the Industrial Commercial (IC) zone. There is no evidence to suggest processing and distributing medical cannabis in the Industrial Commercial (IC) zone will have a significant effect on the environment

Manufacturing is also currently principally permitted in the Industrial Commercial (IC) zone. The production of medical cannabis concentrates is very similar to the processes utilized in other industries including dairy products, distillation and medical laboratories. Manufacturing edibles is no different than the manufacturing of other food items. Retail and wholesale food manufacturing and restaurants (commercial kitchens) are already allowed in the recommended commercial zones. Based on currently allowed uses and the recommended Performance Standards, staff believes there is no evidence to suggest extraction manufacturing in the Industrial Commercial (IC) zone or edible manufacturing will have a significant effect on the environment.

Testing laboratories are currently principally permitted uses in the Industrial Commercial (IC) zone. There is no evidence to suggest that labs analyzing marijuana will have a significant effect on the environment.

Based on currently allowed uses and recommended performance standards, staff believes that the project is Statutorily Exempt pursuant to Section 15061(b) (3) of the CEQA Guidelines, Title 14, Chapter 3 of the California Code of Regulations. Pursuant to Section 15061(b) (3) of the CEQA Guidelines this exemption is covered by the general rule that CEQA applies only to projects which have the potential for causing a **significant** effect on the environment. Because any development, including cultivation, processing, manufacturing and distribution of cannabis for medical use within the City of Rio Dell requires a Conditional Use Permit, each individual application will be reviewed pursuant to the California Environmental Quality Act at the time of application.

Attachment 1: Ordinance No. 348-2016, establishing Medical Marijuana Commercial Land Use Regulations, Section 17.30.195 of the Rio Dell Municipal Code (RDMC).

ORDINANCE NO. 348-2016



An ordinance establishing Section 17.30.195 of Title 17 of the Rio Dell Municipal Code relating to the Commercial Cultivation, Processing, Manufacturing, Testing and Distribution of Cannabis for Medical Use.

The City Council of the City of Rio Dell ordains as follows:

WHEREAS, California Government Code Section 65850, et seq. authorizes counties and cities to regulate land use, including agriculture, and to adopt and amend zoning ordinances for such purposes, and sets forth procedures governing the adoption and amendment of such ordinances; and

WHEREAS, on October 9, 2015 Governor Brown approved a package of three bills enacted by the legislature on September 11, 2015, SB 643, AB 243, and AB 266, providing for comprehensive, concurrent regulation and licensing by state and local governments of medical cannabis as an agricultural product, including its cultivation, processing, testing, manufacture, distribution, transportation, dispensing, and delivery; and

WHEREAS, pursuant to Section 11362.777, subsection (c)(3), "A city, county, or city and county's locally issued conditional permit requirements must be at least as stringent as the Department of Food and Agriculture's state licensing requirements"; and

WHEREAS, the state statutes establishing a regulated, legitimate basis for commercial medical cannabis economic activities under the authorization of state law provide an opportunity to bring unregulated activities into compliance with existing law and ameliorate adverse environmental impacts, while bringing it out of the shadows of an underground, black-market economy into a legitimate agricultural and commercial contributor to the local and state economy; and

WHEREAS, the City of Rio Dell has previously adopted a land use ordinance governing indoor and outdoor cultivation of medical cannabis for personal use; and

WHEREAS, the Planning Commission held five public hearings on the proposed Ordinance governing the Commercial Cultivation, Processing, Testing, Manufacturing and Distribution of Cannabis for Medical Use to receive a reports on the draft ordinance, as well as evidence and public testimony; and

WHEREAS, the Planning Commission reviewed and considered the report, evidence, and other testimony presented to the Commission, and recommended revisions to the draft land use Ordinance Governing the Commercial Cultivation of Commercial Cultivation, Processing, Manufacturing and Distribution for Medical Use; and

WHEREAS the City has reviewed and processed the proposed amendment in conformance with Sections 65350 – 65362 of the California Government Code; and

WHEREAS the City has reviewed and processed the proposed amendment in conformance with Section 17.35.010 of the City of Rio Dell Municipal Code; and

WHEREAS the City finds that based on evidence on file and presented in the staff report that the proposed amendment is consistent and compatible with the General Plan and any implementation programs that may be affected; and

WHEREAS the proposed amendment has been processed in accordance with the applicable provisions of the California Government Code and the California Environmental Quality Act (CEQA); and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Rio Dell does hereby ordain as follows:

SECTION 1. Section 17.30.195 of Title 17 of the Rio Dell Municipal Code is hereby added as follows:

(1) Authority and Title

This Section shall be known as the Medical Cannabis Commercial Land Use Ordinance ("MCCLUO"), which provides for the regulation of Commercial Cultivation, Processing, Manufacturing and Distribution of cannabis for medical use, as defined in this Code, located within the City of Rio Dell

(2) Purpose and Intent

The purpose of this Section is to establish land use regulations concerning the commercial cultivation, processing, manufacturing and distribution of cannabis for medical use within the City of Rio Dell in order to limit and control such cultivation in coordination with the State of California in the implementation of the Medical Cannabis Regulation and Safety Act (MCRSA)(SB 643, AB 266, and AB 243 as adopted September 11, 2015, and approved by the Governor on October 9, 2015), so as to ensure the health and safety of employees, independent contractors, visitors to the area, neighboring property owners, and end users of medical cannabis; to protect the environment from harm to streams, fish, and wildlife; to ensure the security of the medical cannabis; and to safeguard against the diversion of medical

cannabis for non-medical purposes. It is intended to address the City of Rio Dell's prerogative to permit, and control commercial cultivation, processing, manufacturing and distribution of cannabis for medical cannabis as set forth in the MCRSA, including, but not limited to the provisions of Business and Professions Code Sections 19315, 19316, 19320, 19322, 19332, and 19360 and Health and Safety Code Section 11362.777, in conjunction with state licensing requirements, in order to protect the public health, safety, and welfare of the residents of the City of Rio Dell, and to reduce or eliminate any adverse environmental effects of existing commercial cannabis cultivation operations in the City of Rio Dell, and to prevent adverse environmental effects of any new commercial cannabis activities which may be permitted in the future in accordance with this Section and state law. This Section is not intended to supersede the provisions of Section 17.30.190 of the Rio Dell Municipal Code concerning cultivation of medical cannabis for personal use.

(3) Applicability and Interpretation

- (a) These regulations shall apply to the location and permitting of commercial cultivation, processing, manufacturing, and distribution of cannabis for medical use in zoning districts within which such use is authorized, as specified in this Section.
- (b) The commercial cultivation, processing, manufacturing, and distribution of cannabis for medical use within the jurisdiction of the City of Rio Dell shall be controlled by the provisions of this Section, regardless of whether those activities existed or occurred prior to the adoption of this Section.
- (c) Nothing in this Section is intended, nor shall it be construed, to exempt the commercial cultivation, processing, manufacturing, and distribution of cannabis for medical use, from compliance with all other applicable zoning, and land use regulations, as well as compliance with any applicable state laws.
- (d) Nothing in this Section is intended, nor shall it be construed, to exempt the commercial cultivation, processing, manufacturing, and distribution of cannabis for medical use, as defined herein, from any and all applicable local and state construction, electrical, plumbing, land use, water rights, waste water discharge, streambed alteration, or any other environmental, building or land use standards or permitting requirements.
- (e) Nothing in this Section is intended, nor shall it be construed, to preclude a landlord or property owner from limiting or prohibiting commercial cultivation, processing, manufacturing, or distribution of cannabis for medical use on private property.
- (f) The definitions in this Section are intended to apply solely to the regulations in this section.

- (g) Notwithstanding the fact that Health and Safety Code Section 11362.777 declares that medical cannabis is an agricultural product for purposes of that Section and the MCRSA, Business and Professions Code Section 19300, et. seq., the commercial cultivation of cannabis for medical use is a highly regulated specialty crop and cultivation and processing of that specialty crop shall not be allowed as a principal permitted use unless a Conditional Use Permit is first obtained from the City of Rio Dell, and the person engaged in such activity has obtained all state licenses and permits which may be required by the applicable state licensing authorities whenever such licenses become available.

(4) Release of Liability and Hold Harmless

As a condition of approval for any Conditional Use Permit approved for the commercial cultivation, processing, manufacturing, testing, or distribution of cannabis for medical use, as defined herein, the owner or permittee shall indemnify and hold harmless the City of Rio Dell and its agents, officers, elected officials, and employees for any claims, damages, or injuries brought by affected property owners or other third parties due to the commercial cultivation, processing, manufacturing, testing or distribution of cannabis for medical use and for any claims brought by any person for problems, injuries, damages, or liabilities of any kind that may arise out of the commercial cultivation, processing, manufacturing, testing or distribution of cannabis for medical use.

(5) Penalties and Enforcement

All of the remedies provided for in this Section shall be cumulative and not exclusive of remedies available for violations under any other Section of the Rio Dell Municipal Code, State law, including without limitation the MCRSA, and applicable federal law.

Any violation of this Section, including, but not limited to failure to obtain and maintain in good standing the required Conditional Use Permit specified in this Section, shall be, and the same hereby is declared to be, a public nuisance and unlawful and shall be subject to injunction, abatement or any other administrative, civil, or criminal remedy available to the City under the applicable state and City laws, including those set forth in Section 17.40.020 of the Rio Dell Municipal Code.

(6) Definitions

“Area of Traditional Tribal Cultural Affiliation” means geographic areas of historic occupancy and traditional cultural use by local indigenous peoples (California Native American Tribes), as shown on the latest mapping prepared by the County of Humboldt Planning & Building Department, created from geographic information supplied by the Tribes of Humboldt County.

“Cannabis” means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, or any other strain or varietal of the genus *Cannabis* that may exist or hereafter be discovered or developed that has psychoactive or medicinal properties, whether growing or not, including the seeds thereof. “Cannabis” also means cannabis as defined by Section 11018 of the Health and Safety Code as enacted by Chapter 1407 of the Statutes of 1972. For the purpose of this section, “cannabis” does not mean “industrial hemp” as defined by Section 81000 of the Food and Agriculture Code or Section 11018.5 of the Health and Safety Code.

“Commercial Cannabis Cultivation” means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis for medical use, including nurseries, that is intended to be transported, processed, manufactured, distributed, dispensed, delivered, or sold in accordance with the Medical Cannabis Regulation and Safety Act (MCRSA) for use by medical cannabis patients in California pursuant to the Compassionate Use Act of 1996 (Proposition 215), found at Section 11362.5 of the Health and Safety Code.

“Cultivation Area” the area encompassed by the perimeter surrounding the area within which cannabis plants are cultivated. Where plants are cultivated in separated pots, beds or plots, the cumulative total surface area of all such pots, beds or plots, and the surface area underneath the maximum anticipated extent of vegetative growth of cannabis plants to be grown in separate pots, beds or plots, used in combination for a single permitted cultivation operation.

“Cultivation site” means the location or a facility where medical cannabis is planted, grown, harvested, dried, cured, graded, or trimmed, or that does all or any combination of those activities, except where drying, curing, grading or trimming is otherwise prohibited.

“Dispensary” means a facility where medical cannabis, medical cannabis products, or devices (excluding pipes and water pipes) for the use of medical cannabis products are offered, either individually or in any combination, for retail sale.

“Distribution Facility” means the location or a facility where a person licensed with a Type 11 license pursuant to the MCRSA conducts the business of procuring medical cannabis from licensed cultivators or manufacturers for sale to licensed dispensaries, and the inspection, quality assurance, batch testing by a Type 8 licensee, storage, labeling, packaging and other processes prior to transport to licensed dispensaries.

“Greenhouse” means a structure, primarily of glass or clear poly-film or polycarbonate plastic, in which temperature and humidity can be controlled for the cultivation or protection of plants.

“Indoor” means indoor cultivation using exclusively artificial lighting.

“Licensee” means a person issued a state license under the MCRSA to engage in commercial cannabis activity.

“Manufacturing Facility” means a process whereby the raw agricultural product is transformed into a concentrate, an edible product, or a topical product, and the production, preparation, propagation, or compounding of medical cannabis or medical cannabis products, directly or indirectly, by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis.

“Mixed-Light” means cultivation occurring in a greenhouse using a combination of natural and supplemental artificial lighting at a maximum threshold as set forth in performance standards in Section 17.30.190(8) of this ordinance, or as to be determined by the Department of Food and Agriculture, whichever is less.

“Nursery” means a licensee that produces only clones, immature plants, seeds, and other agricultural products for retail or wholesale sale, used specifically for the planting, propagation, and cultivation of medical cannabis.

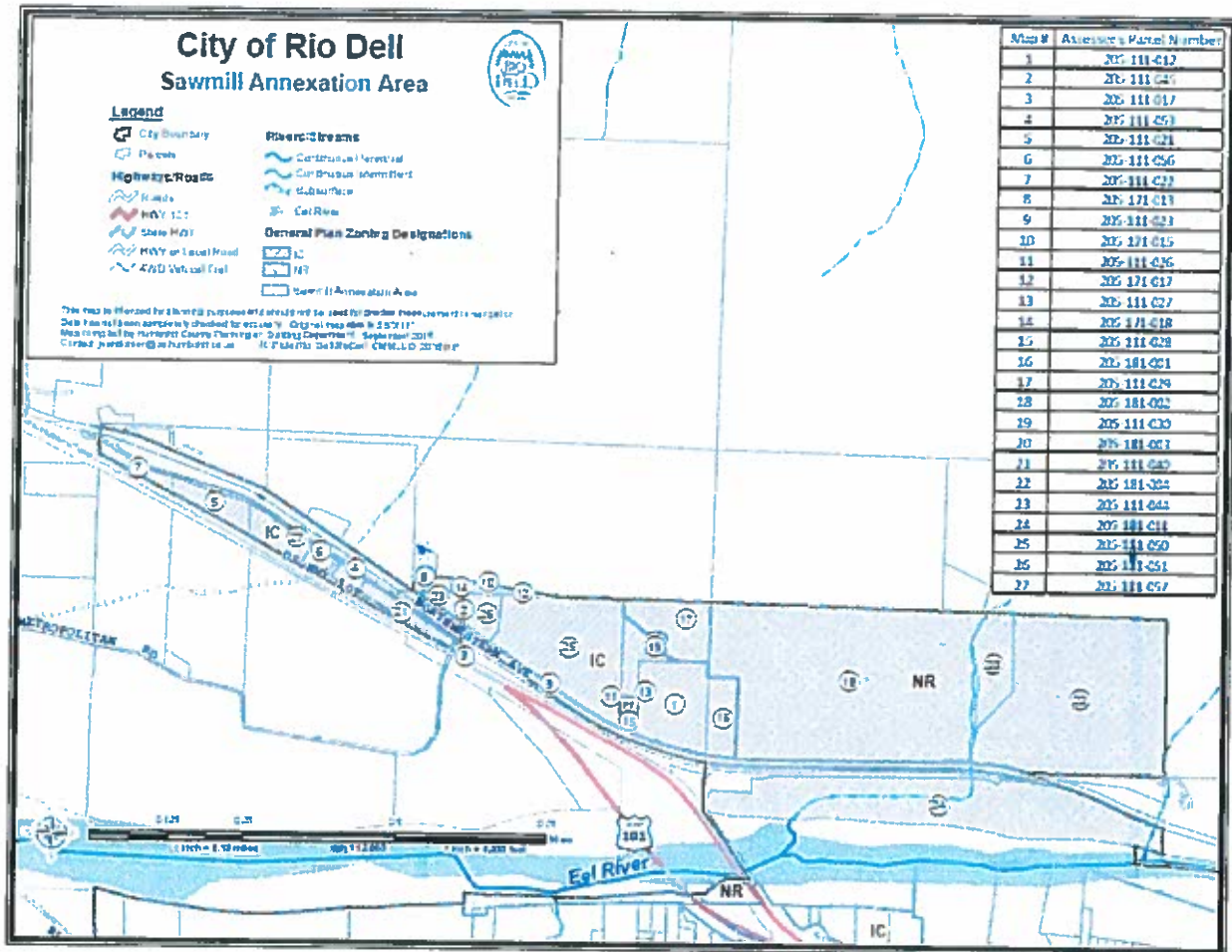
“Outdoor” means outdoor open-field (not in a greenhouse) cultivation using no artificial lighting. Outdoor cultivation as defined herein is not allowed in the City of Rio Dell.

“Person” means an individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit and includes the plural as well as the singular number.

“Premises” means a legal parcel compliant with the Subdivision Map Act, or a leasehold interest in agricultural land for agricultural purposes of outdoor or mixed-light cultivation or processing of medical cannabis, or space in an industrial or commercial building for purposes of indoor cultivation, processing, manufacture, or distribution of medical cannabis.

“Processing Facility” means the location or facility where medical cannabis is dried, cured, graded, trimmed, and/or packaged by or under the control of one or more licensed cultivators, at a location separate from the cultivation site where the medical cannabis is grown and harvested.

“Sawmill Annexation Area” means the area north of the Eel River annexed into the City in 2008/2009, which area is shown on Figure 6-1, below.



**Figure 6.1
Sawmill Annexation Area**

“State license” means a state license issued pursuant to the MCRSA.

“Testing Laboratory” means a facility, entity, or site in the state that offers or performs tests of medical cannabis or medical cannabis products and that is both of the following:

- (1) Accredited by an accrediting body that is independent from all other persons involved in the medical cannabis industry on the state; and
- (2) Registered with the Department of Public Health.

“Tribal Cultural Resources” means sites, features, places, cultural landscapes, sacred places, and objects with cultural value to a California Native American tribe, including unique archaeological resources and historical resources as described under sections 21074, 21083.2(g), and 21084.1 of the Public Resources Code, respectively. Tribal Cultural Resource

shall also include sites or resources identified by the tribe through an action of the Tribal Council or equivalent body.

(7) General Provisions

This section applies to all facilities and activities involved in the Commercial Cultivation, Processing, Manufacturing, Testing or Distribution of cannabis for medical use, as defined in this Section.

- (a) All commercial cultivation, processing, manufacturing, testing, or distribution of cannabis for medical use shall operate in compliance with this Section, as well as all applicable state and local laws and conditions as deemed appropriate by the Planning Commission and/or the City Council.
- (b) Greenhouse and Mixed-Light commercial cultivation of cannabis for medical use shall be conducted entirely within a fully enclosed, secure and lockable greenhouse and shall be conditionally permitted in the Industrial Commercial (IC) and Natural Resources (NR) designations located in the Sawmill Annexation area, pursuant to the "Greenhouse" and "Mixed-Light" parcel size and cultivation area provisions described in Table 8.1 and subject to the conditions and limitations set forth in this Section and as deemed appropriate by the Planning Commission and/or the City Council.
- (c) Indoor commercial cultivation of cannabis for medical use shall be conditionally permitted in the Industrial Commercial (IC) and Natural Resources (NR) designations located in the Sawmill Annexation area pursuant to the "Indoor" parcel size and cultivation area provisions described in Table 8.1 and subject to the conditions and limitations set forth in this Section and as deemed appropriate by the Planning Commission and/or the City Council.
- (d) Processing Facilities accessory and appurtenant to on site cultivation for commercial cannabis for medical use shall be a conditionally permitted use in the Industrial Commercial (IC) and Natural Resources (NR) designations located in the Sawmill Annexation area, subject to a Conditional Use Permit and the conditions and limitations set forth in this Section and as deemed appropriate by the Planning Commission and/or the City Council.
- (e) Stand alone, independent Processing Facilities for commercial cannabis for medical use shall be a conditionally permitted use in the Industrial Commercial (IC) designation zoning district located in the Sawmill Annexation area, subject to a Conditional Use Permit and the conditions and limitations set forth in this Section and as deemed appropriate by the Planning Commission and/or the City Council.

- (f) Extraction manufacturing of commercial cannabis concentrates for medical use shall be a conditionally permitted use in the Industrial Commercial (IC) designation located in the Sawmill Annexation area, subject to a Conditional Use Permit and the conditions and limitations set forth in this Section and as deemed appropriate by the Planning Commission and/or the City Council.
- (g) Manufacturing of edibles (commercial kitchens) for medical use shall be a conditionally permitted use in the Industrial Commercial (IC), designation located in the Sawmill Annexation area subject to a Conditional Use Permit and the conditions and limitations set forth in this Section and as deemed appropriate by the Planning Commission and/or the City Council.
- (h) Wholesale Distribution Facilities for commercial cannabis for medical use shall be a conditionally permitted use in the Industrial Commercial (IC) designation located in the Sawmill Annexation area subject to a Conditional Use Permit and the conditions and limitations set forth in this Section and as deemed appropriate by the Planning Commission and/or the City Council.
- (i) Nurseries, as defined herein, producing commercial cannabis nursery products for retail sale, bulk wholesale sale or to supply retail nursery outlets shall be a conditionally permitted use in the Industrial Commercial (IC) and Natural Resources (NR) designation located in the Sawmill Annexation area subject to a Conditional Use Permit and the conditions and limitations set forth in this Section and as deemed appropriate by the Planning Commission and/or the City Council.
- (j) Testing laboratories as herein defined shall be conditionally permitted in the Industrial Commercial (IC) designation located in the Sawmill Annexation area subject to a Conditional Use Permit and the conditions and limitations set forth in this Section and as deemed appropriate by the Planning Commission and/or the City Council.
- (k) Other than as enumerated in this Section, the commercial cultivation, processing, manufacturing, testing or distribution of cannabis for medical use in any other zoning district in the City of Rio Dell is prohibited.
- (l) The fact that an applicant possesses other types of state or county or city permits, licenses or other entitlements does not exempt the applicant from the requirement of obtaining a Conditional Use Permit from the City of Rio Dell to engage in the commercial cultivation, processing, manufacturing, testing or distribution of cannabis for medical use within the jurisdiction of the City.
- (m) No more than four commercial cannabis activity permits of any type enumerated in Sections 17.30.195(8)(b) through 17.30.195(8)(g) of this ordinance may be issued to a single person,

as defined herein. For purposes of this limitation, any natural person who owns or controls any interest, directly or indirectly, in a firm, partnership, joint venture, association, cooperative, collective, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit, shall be collectively considered a single person with those entities.

(8) Cultivation Locations, Parcel Sizes and Allowable Canopies

The commercial cultivation of cannabis for medical use within the City shall be located in the Sawmill Annexation area in accordance with the following table:

Table 8.1
Cultivation Locations, Parcel Sizes and Allowable Canopies

Greenhouse & Mixed-Light Cultivation
Industrial Commercial (IC) and Natural Resources (NR) Designations

State License Type	Cultivation Type	Parcel Size	Allowable Canopy
Type 1 & 1B,	Greenhouse & Mixed Light	< 1 acre	1,000 sq. ft.
		1-2.49 acres	2,000 sq. ft.
		2.5-4.99 acres	5,000 sq. ft.
Type 2 & 2B,	Greenhouse & Mixed Light	5.0- 19.99 acres	10,000 sq. ft.
Type 3 & 3B,	Greenhouse & Mixed Light	≥ 20 acres	22,000 sq. ft.

Indoor Cultivation
Industrial Commercial (IC) Designations

State License Type	Parcel Size	Allowable Canopy
Type 1A, "Specialty Indoor"	< 1 acre	5,000 sq. ft.
Type 2A, "Small Indoor"	1.0-1.99 acres	10,000 sq. ft.
Type 3A, "Indoor"	≥ 2 acres	22,000 sq. ft.

Indoor Cultivation
Natural Resources (NR) Designations

State License Type	Parcel Size	Allowable Canopy
Type 1A, "Specialty Indoor"	< 1 acre	1,000 sq. ft.
	1-1.99 acres	2,000 sq. ft.
	2.0-4.99 acres	5,000 sq. ft.
Type 2A, "Small Indoor"	5.0- 9.99 acres	10,000 sq. ft.

Type 3A, "Indoor"	≥ 10 acres	22,000 sq. ft.
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Nurseries

Industrial Commercial (IC) and Natural Resources (NR) designations

State License Type	Parcel Size	Allowable Canopy
Type 4, "Nursery"	N/A	43,560 sq. ft. State Limit

- (a) Processing of cannabis that is cultivated pursuant to these regulations may occur at the cultivation site subject to the Processing Performance Standards and Employee Safety Practices enumerated in Section 17.30.195(10) thru 17.30.195(13) are met.
 - (b) Multiple applicants may obtain a Conditional Use Permit for greenhouse cultivation, mixed-light cultivation, or both, on one legal parcel so long as the cumulative cultivation area is within one contiguous cultivation footprint that does not exceed the total cultivation area size limits set forth in Table 8.1, Cultivation Locations, Parcel Sizes and Allowable Canopies.
 - (c) A combination of cultivation types may be allowed in the same zone (e.g. greenhouse and, mixed light cultivation, or indoor cultivation and processing) that are for a total area equal to or less than the cultivated area size limit for the size of the underlying parcel.
- (9) Application Requirements for All MCCLUO Conditional Use Permits:**
- (a) A completed standard application form for a Conditional Use Permit with the required deposit.
 - (b) If the applicant is not the record title owner of parcel, written consent of the owner for the application with original signature and notary acknowledgement.
 - (c) A **Site Plan** shall be submitted showing the entire parcel, including easements, streams and other surface water features, and the location and area for cultivation on the parcel with dimensions of the area for cultivation and setbacks from property lines. The site plan shall also include all areas of ground disturbance or surface water disturbance associated with cultivation activities, including: access roads, water diversions, culverts, ponds, dams, graded flats, and other related features. If the area for cultivation is within ¼ mile (1,320 ft.) of a school, the site plan shall include dimensions showing that the distance from the location of such features to the nearest point of the cultivation area is at least 1000 feet.
 - (d) A **Plan of Operations** shall be submitted that includes, describes and addresses the following:

- (i) A complete project description including the proposed use(s), hours and days of operation, number of employees, and the duration (temporary, seasonal or permanent) of the operation.
 - (ii) The number of daily and/or weekly incoming and outgoing deliveries
 - (iii) A Security Plan that addresses the cultivation, storage, processing, manufacturing and testing of any medical cannabis, including but not limited to video monitoring and commercial alarm systems.
 - (iv) A Waste Management/Disposal Plan shall be submitted describing any produced wastes, including by-products, recycling, reusing, recovery, storage, diversion and handling and disposal.
 - (v) A description of the storage or use of any solvents, fertilizers, pesticides, fungicides, rodenticide, or herbicides.
 - (vi) A description of any discharge or emissions the operation will generate.
 - (vii) A description of any noise level increase as a result of the operation.
 - (viii) A description of the operation's use of public facilities such as roads, water or sewer systems.
 - (ix) A description of any proposed water source, storage, conservation and use; drainage, runoff and erosion control; watershed and habitat protection.
- (e) A Security Plan shall be submitted that includes, describes and addresses the following:
- (i) Security cameras shall be installed and maintained in good condition, and used in an on-going manner with at least 240 concurrent hours of digitally recorded documentation in a format approved by the Planning Commission. The cameras shall be in use 24 hours per day, 7 days per week. The areas to be covered by the security cameras shall include, but are not limited to, the public areas, processing areas, storage areas, employee areas, all doors and windows, and any other areas as determined to be necessary by the Planning Commission.
 - (ii) The facility shall be alarmed with an audible interior and/or exterior silent alarm system that is operated and monitored by a recognized security company, deemed acceptable by the Planning Commission. Any change in the security company shall be subject to the approval of the City Manager or his designee. All current contact information regarding the medical cannabis facility's security company shall be provided to the City Manager or designee.

- (f) **Tribal Consultation:** For any ground disturbing activities, acknowledge that the City will consult with the local Wiyot Tribe, including their Tribal Historic Preservation Officer (THPO) or other tribal representatives, before the approval of any Conditional Use Permit. During this process, the tribe may request that operations associated with the Conditional Use Permit be designed to avoid, minimize or mitigate impacts to Tribal Cultural Resources, as defined herein. Examples include, but are not limited to: conducting a site visit with the THPO or their designee to the existing or proposed cultivation site, requiring that a professional cultural resources survey be performed, or requiring that a tribal cultural monitor be retained during project-related ground disturbance within areas of sensitivity or concern.
- (g) **Community Relations:** Each medical cannabis facility shall provide the City Manager or designee with the name, phone number, facsimile number, and email address of an on-site community relations, or staff person or other representative to whom the City can provide notice if there are operating problems associated with the medical cannabis facility or refer members of the public who may have any concerns or complaints regarding the operation of the medical cannabis facility. Each medical cannabis facility shall also provide the above information to its business neighbors located within 300 feet of the medical cannabis facility.
- (h) Consent to a minimum of at least one quarterly on-site compliance inspection, to be conducted by appropriate City officials during regular business hours (Monday – Friday, 9:00 am – 5:00 pm, excluding holidays). The applicant shall be required to pay the Inspection Fee in effect at that time.
- (i) Owner(s) or employee(s) who makes or will make operational or management decisions that directly impact the business shall consent to a background check pursuant to Section 19322(a)(1)(A) of the Business and Professions Code, including submitting to the Department of Justice fingerprint images and related information required by the Department of Justice for the purpose of obtaining information as to the existence and content of a record of State or Federal convictions and arrests, and information as to the existence and content of a record of State and Federal convictions and arrests for which the Department of Justice establishes that the person is free on bail or on his or her own recognizance, pending trial or appeal. The applicant shall be responsible for the costs associated with the required background check.
- (i) No Owner or employee who makes or will make operational or management decisions that directly impact the business shall have been convicted of an offense, or is currently free on bail or on his or her own recognizance pending trial or appeal for an offense, that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made, including but not be limited to, the following:

- (A) A felony conviction for the illegal possession for sale, manufacture, transportation, or cultivation of a controlled substance;
- (B) A violent felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code.
- (C) A serious felony conviction, as specified in subdivision (c) of Section 1192.7 of the Penal Code.
- (D) A felony conviction involving fraud, deceit, or embezzlement.
- (j) Compliance with the provisions of the Medical Cannabis Regulation and Safety Act.
- (k) Inventory Tracking System. All permittees shall purchase, implement and maintain updates to the inventory tracking software from the City's inventory tracking software system (ITSS) provider. A permittee must have at least one individual Owner or contractor who successfully completes all training necessary to properly use the ITSS as a System Administrator. The System Administrator may also designate specific inventory tracking system user(s) that have successfully completed all ITSS training required to access the system under the direct control of the System Administrator. The System Administrator and any designated users shall participate in all ongoing and continuing training as required to stay current with the software.
- (i) Inventory Tracking. Permittees shall, at all times, maintain current inventory information on the City's ITSS.

(10) Performance Standards for all MCCLUO Cultivation Operations:

- (a) No surface water withdrawals shall be allowed as part of any cultivation operations.
- (b) No Timberland Conversion Permits or Exemptions as approved by the California Department of Forestry and Fire Protection (CAL-FIRE) shall be used to facilitate the cultivation of medical cannabis.
- (c) The area of cannabis cultivation shall be located as shown on the application site plan, set back at least 50 feet from any property line, and 1000 feet from any School. Cannabis cultivation is declared to be development, subject to compliance with Section 17.30.110, Environmentally Sensitive Habitat Area's (ESHA's). For purposes of this section, where enhanced, reduced, or modified watercourse or wetland setbacks have been agreed to by the operator and the RWQCB under enrollment pursuant to NCRWQB Order No. 2015-0023 and/or preparation of a Water Resources Protection Plan, these may control and supersede any setback applied pursuant to Section 17.30.110.

- (d) Maintain enrollment in Tier 1, 2 or 3, certification with the North Coast Regional Water Quality Control Board Order No. 2015-0023, if applicable, or any substantially equivalent rule that may be subsequently adopted by the City of Rio Dell or other responsible agency.
- (e) For cultivation areas for which no enrollment pursuant to NCRWQB Order No. 2015-0023, is required by that Order, compliance with the standard conditions applicable to all Tier 1 dischargers.
- (f) The storage or use of any fertilizer, pesticide, fungicide, rodenticide, or herbicide shall be in compliance with the manufacture's recommendations and regulations administered by the State Department of Pesticide Regulation. Hazardous materials and wastes from agricultural businesses are regulated by the Humboldt County Environmental Health Division, which administers the Hazardous Materials program as one of the Certified Unified Program Agencies (CUPA). This includes the application, inspection, enforcement, and reporting under the program requirements and standards set by the California Environmental Protection Agency (CalEPA).
- (g) Trucked water shall not be allowed as the primary water source. Water is to be sourced locally (on-site), except for emergencies. For purposes of this provision, "emergency" is defined as: "a sudden, unexpected occurrence demanding immediate action."
- (h) Carbon filter fans or equivalent superior filters/scrubbers shall be required to eliminate odor discharges to neighboring properties from cultivation and processing facilities.
- (i) A Waste Management/Disposal Plan shall be submitted describing any produced wastes, including by-products, recycling, reusing, recovery, storage, diversion and handling and disposal.
- (j) Those cultivators using artificial lighting for mixed-light cultivation shall shield greenhouses so that little to no light escapes. Light shall not escape at a level that is visible from neighboring properties between sunset and sunrise. Should the City receive complaints that the lighting is out of alignment or not complying with these standards, within ten (10) working days of receiving written notification that a complaint has been filed, the applicant shall submit written verification that the lights' shielding and alignment has been repaired, inspected and corrected as necessary.
- (k) Generators are only allowed as an emergency back-up power source. The noise produced by a generator used for cannabis cultivation shall not be audible from neighboring residences. The decibel level for generators at the property line shall be no more than 60 decibels.

- (l) Fuel shall be stored and handled in compliance with applicable state and local laws and regulations, and in such a way that no spillage occurs.
- (m) Comply with any special conditions applicable to that permit or parcel which may be imposed as a condition of the required Conditional Use Permit.

(11) Employee Performance Standards for Cultivation and Processing Activities:

- (a) Pursuant to the MMRSA, Health and Safety Code section 19322(a)(9), an applicant seeking a cultivation license shall "provide a statement declaring the applicant is an 'agricultural employer,' as defined in the Alatorre-Zenovich-Dunlap-Berman Agricultural Labor Relations Act of 1975 (Part 3.5 commencing with Section 1140) of Division 2 of the Labor Code), to the extent not prohibited by law."
- (b) Cultivators shall comply with all applicable federal, state, and local laws and regulations governing California Agricultural Employers, which may include: federal and state wage and hour laws, CAL/OSHA, OSHA and the California Agricultural Labor Relations Act.
- (c) Cultivators engaged in processing shall comply with the following Processing Practices:
 - i. Processing operations must be maintained in a clean and sanitary condition including all work surfaces and equipment; and
 - ii. Processing operations must implement protocols which prevent processing contamination and mold and mildew growth on cannabis; and
 - iii. Employees handling cannabis in processing operations must have access to facemasks, coveralls and gloves in good operable condition as applicable to their job function; and
 - iv. Employees must wash hands sufficiently when handling cannabis or use gloves.
- (d) All persons hiring employees to engage in commercial cannabis cultivation and processing shall comply with the following Employee Safety Practices:
 - i. Cultivation operations and processing operations must implement safety protocols and provide all employees with adequate safety training relevant to their specific job functions, which may include:
 - Emergency action response planning as necessary; and
 - Employee accident reporting and investigation policies; and

- Fire prevention;
 - Hazard communication policies, including maintenance of material safety data sheets (MSDS); and
 - Materials handling policies; and
 - Job hazard analyses; and
 - Personal protective equipment policies, including respiratory protection.
- ii. Cultivation operations and processing operations must visibly post and maintain an emergency contact list which includes at a minimum:
 - Operation manager contacts; and
 - Emergency responder contacts; and
 - Poison control contacts.
 - iii. At all times, employees shall have access to safe drinking water and toilets and handwashing facilities that comply with applicable federal, state, and local laws and regulations. Plumbing facilities and water source must be capable of handling increased usage without adverse consequences to neighboring properties or the environment.
 - iv. On site-housing provided to employees shall comply with all applicable federal, state, and local laws and regulations.
- (e) All cultivators shall, at the time of the application for a cultivation permit, include a Processing Plan with all of the following:
- i. Summary of Processing Practices.
 - ii. Description of location where processing will occur.
 - iii. Estimated number of employees, if any.
 - iv. Summary of Employee Safety Practices.
 - v. Description of toilet and handwashing facilities.
 - vi. Description of plumbing and/or septic system and whether or not the system is capable of handling increased usage.

- vii. Description of source of drinking water for employees.
- viii. Description of increased road use resulting from processing and a plan to minimize that impact.
- ix. Description of on-site housing, if any.

(12) Performance Standards for Manufacturing Activities:

- (a) Compliance with CAL/OSHA, OSHA regulations.
- (b) Compliance with State and local building regulations, including the California Building Code (CBC), and the California Fire Code (CFC).
- (c) A Security Plan that addresses how the following measures shall be implemented or complied with:
 - (i) Entrance to the extraction areas and any cannabis storage areas shall be locked at all times, and under the control of facility staff.
 - (ii) Medical cannabis shall be stored in buildings that are completely enclosed, and in a locked vault or safe, or other secured storage structure which is bolted to the floor or structure of the premises.
 - (iii) Windows and roof hatches of the premises shall be secured from the inside with effective means so as to prevent unauthorized entry, and shall be equipped with latches or a similar mechanism that may be released quickly from the inside to allow exit in the event of emergency in compliance with all applicable building provisions in the Code.
- (d) If using CO₂ in processing, a professional grade closed-loop CO₂ gas extraction system rated to a minimum of fifteen thousand (15,000) pounds per square (PSI) is required for every vessel in the system.
- (e) Extraction processes shall use a commercially manufactured professional grade closed-loop extraction system designed to recover the solvents and built to codes of recognized and generally accepted sound engineering practices, such as (i) The American Society of Mechanical Engineers (ASME); (ii) American National Standards Institute (ANSI); (iii) Underwriters Laboratories (UL); or (iv) The American Society for Testing and Materials (ASTM).
- (f) Volatile extraction operations shall occur in a spark-proof, explosion-proof room equipped with evacuation fans and lower explosive limit (LEL) detectors.

- (g) Carbon filter fans or equivalent superior filters/scrubbers shall be required to eliminate odor discharges to neighboring properties.
- (h) A Waste Management/Disposal Plan shall be submitted describing any produced wastes, including by-products, recycling, reusing, recovery, storage, diversion and handling and disposal.
- (i) Manufacturers of edibles shall comply with the regulations in the California Health and Safety Code, which includes the California Retail Food Code administered by the California Department of Health Services - Food and Drug Branch, California Department of Food and Agriculture and the County Department of Environmental Health.
- (j) Comply with any special conditions applicable to that permit or parcel which may be imposed as a condition of the required Conditional Use Permit.

(13) Performance Standards for Testing Laboratories

- (a) Entrance to the lab area and any cannabis storage areas shall be locked at all times, and under the control of facility staff.
- (b) Medical cannabis shall be stored in a secured and locked room, vault or safe, or other secured storage structure which is bolted to the floor or structure of the premises.
- (c) Windows and roof hatches of the premises shall be secured from the inside with effective means so as to prevent unauthorized entry, and shall be equipped with latches or a similar mechanism that may be released quickly from the inside to allow exit in the event of emergency in compliance with all applicable building provisions in the California Building Code.
- (d) All laboratory testing facilities shall comply with Sections 19341 through 19345 of the California Business and Professions Code.
- (e) Comply with any special conditions applicable to that permit or parcel which may be imposed as a condition of the required Conditional Use Permit.

(14) Term of Conditional Use Permit; Inspections.

- (a) Any Conditional Use Permit issued pursuant to this section shall expire after one (1) year after date of issuance, and on the anniversary date of such issuance each year thereafter, unless the required compliance inspections have been conducted and the permitted site has been found to comply with all conditions of approval.

- (b) If the inspector or other City official determines that the site does not comply with the conditions of approval, the inspector shall serve the permit holder with a written statement identifying the items not in compliance, and the action that the permit holder may take to cure the non-compliance, or file an appeal within ten (10) days of the date that the written statement is delivered to the permit holder. Personal delivery or mailing the written statement to the mailing address listed on the application by regular mail, plus three (3) days after date of mailing, shall constitute delivery. The permit holder may request a reinspection to determine whether or not the permit holder has cured all issues of non-compliance. Failure to request reinspection or to cure any items of noncompliance shall terminate the Conditional Use Permit and License, immediately upon the expiration of any appeal period, or final determination of the appeal if an appeal has been timely filed.
- (c) Any Conditional Use Permit issued under this Section shall be revoked by operation of law, and without prior notice to the permit holder, in the event the permitted activity is made illegal under State law.
- (d) The City shall notify any state license authority, as defined by the MCRSA, whenever the Conditional Use Permit and License has been revoked or terminated.

(15) Appeal of Annual Inspection Determination

Within ten (10) business days after delivery of the statement of non-compliance, the determination by the inspector that the site is or is not in compliance may be appealed by any interested party to the Planning Commission. The appeal shall be made, in writing, on a form provided by the City. The fee for filing the appeal is based on the adopted fee schedule in effect at the time of the appeal.

- (a) The appeal shall be heard by the Planning Commission within thirty (30) days following the filing of the appeal. The Planning Commission shall render a written ruling on the appeal within three (3) business days following the hearing.
- (b) The decision of the Planning Commission may be appealed to the City Council in accordance with Section 17.35.050 of the Rio Dell Municipal Code. If a timely appeal to the City Council is not filed, the ruling by the Planning Commission shall be final.

(16) Fees, Taxes and Other Charges

The Council may establish fees, taxes or other charges for a commercial cannabis activity permit by resolution or ordinance. The failure to pay all applicable fees, taxes and other charges when due shall be a violation of the Section as contemplated by subsection 17.30.195(5), above.

Section 2. Severability

If any provision of the ordinance is invalidated by any court of competent jurisdiction, the remaining provisions shall not be affected and shall continue in full force and effect.

Section 3. Limitation of Actions

Any action to challenge the validity or legality of any provision of this ordinance on any grounds shall be brought by court action commenced within ninety (90) days of the date of adoption of this ordinance.

Section 4. Effective Date

This ordinance becomes effective thirty (30) days after the date of its approval and adoption.

I HEREBY CERTIFY that the forgoing Ordinance was duly introduced at a regular meeting of the City Council of the City of Rio Dell on September 6, 2016 and furthermore the forgoing Ordinance was passed, approved and adopted at a regular meeting of the City Council of the City of Rio Dell, held on the October 18, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Frank Wilson, Mayor

ATTEST:

I, Karen Dunham, City Clerk for the City of Rio Dell, State of California, hereby certify the above and foregoing to be a full, true and correct copy of Ordinance No. 348-2016 which was passed, approved and adopted at a regular meeting of the City Council of the City of Rio Dell, held on the October 18, 2016.

Karen Dunham, City Clerk, City of Rio Dell